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ABSTRACT

The financial operations of providers of adult and community education (ACE) in New South Wales, Australia, were examined in a conceptual and empirical study. Enrollment data were analyzed and case studies of three community colleges and two community adult education centers in metropolitan, coastal, and rural communities were conducted. Four types of indicators were developed and used to compare ACE providers' income and activity costs: income, expenditure, activity, and activity cost indicators. Current funding arrangements were found to be associated with diversity in providers' income and activity. The observed variation in providers' income and activity was only partly accounted for by providers' size and scale; the variation was also due to providers' situation and the nature of the locality where ACE was being delivered. Participation in ACE was, to a certain point, associated with higher levels of household income, qualifications, and population density. Several ways in which ACE's current funding scheme may act as a disincentive to equity were discussed. (The bibliography contains 19 references. Fifty tables/figures are included. Appended are the following: letters to providers requesting cooperation; provider expenditure profiles; database summary formats; questions for assessing in-kind contributions; and main postcodes of metropolitan providers.) (MN)

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BACE

THE ECONOMICS OF ACE DELIVERY

REPORT ON THE

FINANCIAL OPERATIONS

OF PROVIDERS OF

ADULT AND COMMUNITY

EDUCATION IN

NEW SOUTH WALES

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THE ECONOMICS OF ACE DELIVERY

A RESEARCH REPORT

COMMISSIONED BY

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CE

NSW BOARD OF ADULT & COMMUNITY EDUCATION

JOHN McINTYRE · TONY BROWN · FRAN FERRIER

ACE

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Foreword

Over the five or six years since it was established, the Board of Adult and Community Education has undertaken a number of important research and development projects which have greatly improved its information base for policy and planning purposes and enhanced the sector's capacity for quality management and program delivery.

This latest study, *The Economics of ACE*, is the first in-depth analysis of the financial operations of organisations providing adult and community education (ACE) in NSW - where they derive their income and what expenses they incur. It highlights the diversity of the sector and the big differences in the extent to which they are self-funding and the degree to which government resources of one kind or another support their activities.

The ACE sector as a whole is still largely self-funding but government funding both through the Board and from other sources is making up an increasing component of revenue, especially in smaller rural communities where provider viability could be doubtful without this assistance. The enormous value is shown of community support and 'in-kind' contributions, including free labour from staff and committee members, and premises and equipment from government, industry and the community.

Variables limiting capacity to generate income and diversify funding sources are shown to include the size of the provider, whether it is metropolitan or country, and the relative affluence of the 'feeder' community.

There is important information for the Board in addressing equity issues, including how to expand provision beyond fee-paying customers for the benefit of those in most need of skills for the development of their employment and educational potential. The report shows some of the different strategies adopted by providers to broaden the participant profile and reduce inequalities of access.

I am sure the report will be of great assistance to the Board in planning and advising on how to maximise resources for the sector and ensure the most effective and efficient use of those resources. It will also contribute to the effort and commitment of the NSW Government to maximise efficiency, quality, accountability and equity of access in all sectors of education.

V R. Street

Val Street

Chairperson
NSW Board of Adult and Community Education

Contents

Chapter One

Overview and summary 1

Challenges in the funding of ACE 1
Objectives 2
Research approach 2
Conceptualising the costs of ACE 2
The finances of ACE organisations 3
Equity and funding issues 5

Chapter Two

Challenges in funding ACE 7

The significance of the resourcing issue 7
Developments in BACE funding 1992-1995 10
VET and literacy funding 12
Conclusions 13

Chapter Three

Conceptualising the costs of ACE organisations 15

The costs of ACE organisations 15
Identifying costs 15
Costs and resources 16
Financial resources and in-kind contributions 17
The nature of outlays 20

Chapter Four

The finances of ACE organisations 23

The procedure and its limitations 23
The income of ACE organisations 24
Income indicators 27
The income profiles of providers 30
The expenditures of ACE organisations 34
Administrative versus course costs 36
Activity and its costs 37
Activity profiles 39
Income, expenditure and activity 42
Relationships between activity and income 47
In-kind contributions 49
Conclusion 52

CE

Case studies of ACE organisations 53

Sources of income 53
Finding a market: expenditure patterns 58
The hidden costs of providing ACE: 'in-kind' contributions 59
Community in-kind contributions 60
Government in-kind contributions 61
Positioning ACE providers 62
Provider in-kind contributions 63
Tenders: barriers and unmet demand 64
Equity 65

Funding and equity issues 67

Analysing equity issues 67
Area participation analysis 70
Provider catchment analysis 72
Area socio-economic analysis 79
Conclusion 91

Conclusion 93

95

Acronyms and abbreviations 97

Appendix A: Letters to providers requesting co-operation 100
Appendix B: Expenditure profiles of providers 104
Appendix C: Database summary formats 108
Appendix D: Assessing in-kind contributions 116
Appendix E: Main postcodes of metropolitan providers 123

Table 1: NSW BACE allocations 1992-95 11
Table 2: Types of costs 16
Table 3: Sources of income of ACE providers 18
Table 4: In-kind contributions to ACE organisations 19
Table 5: Classification of outlays: ACE providers 21
Table 6: Summary of indicators 25
Table 7: Sources of 1995 income 26
Table 8: Income profiles of ACE organisations 31,32,33

Table 9: Expenditures of ACE organisations by size 34
Table 10: Stated and derived administrative costs 36
Table 11: Derived administrative costs as a percentage of income 36
Table 12: Organisations with high facility costs 37
Table 13: Growth 1991-95 and activity 38
Table 14: Activity profiles of providers 39,40
Table 15: Growth and activity costs 42
Table 16: Activity cost profiles 43,44
Table 17: Correlations of income, activity and expenditure indicators 50,51
Table 18: Providers and changes in BACE funding 1992-95 54
Table 19: Changes in funding for each provider by year 54,55
Table 20: Activity and income snapshot of five ACE providers - 1995 57
Table 21: Expenditure of ACE organisations 59
Table 22: Some socio-economic indicators for equity analysis 69
Table 23: Postcodes with high ACE participation - greater Sydney 72
Table 24: Postcodes with high ACE participation - outside Sydney 73
Table 25: Main postcodes of metropolitan colleges, 1995 75,76
Table 26: Catchment of Sydney Community College 77
Table 27: Socio-economic profile of Sydney Community College main postcodes 77
Table 28: Catchment of Parramatta Regional Evening College 79
Table 29: Socio-economic profile of main postcodes (Parramatta REC) 79
Table 30: Selected socio-economic indicators - Sydney and regional statistical sub-divisions 80
Table 31: Provider income and regional differences - greater Sydney 81
Table 32: Provider income and regional differences - other urban, rural urban and rural areas 82
Table 33: Catchment of Newcastle ACE organisations 86
Table 34: Socio-economic profile of Newcastle postcodes 87
Table 35: Catchments of far North Coast ACE organisations 89
Table 36: Participation and socio-economic profiles of North Coast postcodes 90
Table B1: Expenditure profiles of providers 104,105
Table B2: Expenditure on facilities as a proportion of income 106,107
Table C1: Income summary 108,109
Table C2: Income indicators 110,111
Table C3: Expenditure summary 112,113
Table C4: Expenditure indicators 114,115

Figures

Figure 1: Main Provider Grant as per cent of total income 28,29
Figure 2: Subsidy cost, average general fee and size 41
Figure 3: Average general fee 45,46
Figure 4: Activity and average general fee 48,49
Figure 5: Model for analysis of equity issues 68
Figure 6: Sydney regions: qualifications and household income 83
Figure 7: Newcastle participation and income levels 85
Figure 8: Far North Coast participation and income levels 88

Chapter One

overview and summary

Over the past decade funding issues have become a major element influencing the growth and development of community-based adult education, and a concern for both the Board of Adult and Community Education (BACE or the Board) and for providers in the New South Wales Adult and Community Education (ACE) sector.

The growth in the size of ACE organisations has been accompanied by diversification of programs and an increase in resources. The work of ACE providers could not succeed, in most cases, without in-kind financial contributions from the community. However, it is also true that the Board's role has changed and it has recently given significant non-monetary support to the work of providers, for example through taking a broking role in regard to accredited courses.

Challenges in the funding of ACE

The adequacy of funding by government, including the basis for its distribution, is an issue which generally exercises the community services sector. The inadequate levels of resourcing of ACE were highlighted by the Senate's *Come in Cinderella* Report (Aulich, 1991), and have been the subject of submissions by peak bodies of ACE providers in NSW.

Sources of income other than the Board main grant have become more important as student fees for many providers barely cover operating costs. There has been a diversification of funding sources, more obvious among the large providers than the small. Earlier research highlighted the capacity of many areas to support the expanded delivery of a community-based adult education service and also pointed to limits to the 'self-funding' capability of providers.

These and other factors have challenged funding arrangements for ACE in NSW and nationally. As a result:

- the funding priorities of the NSW Board of Adult and Community Education have changed since its inception in 1991/92 and increasingly are focused on ensuring that funding rationales and accountability frameworks reflect government policy and the Board's strategic directions;
- between 1992 and 1995 the funds which BACE has been responsible for allocating to ACE providers have increased by 108 per cent;
- between 1992 and 1995 BACE has become a significant broker of education and training programs on behalf of NSW ACE providers;
- new models of funding ACE in NSW are driven by state and national moves to foster a training market and shifts in government policy which place greater importance on stronger accountability and regulatory frameworks with an emphasis on quality management systems.

These developments present challenges to all ACE providers, depending on the provider's size, infrastructure and location, and the relative affluence of its community. Many larger providers have re-positioned themselves as education and training providers by embracing accredited training, offering labour market programs and instituting quality assurance systems to ensure they can continue to take advantage of government funding.

Many smaller providers find themselves less able to respond to the opportunities and expectations of the training market. They view themselves as local community centres responding to the needs of their community, do not generally see themselves as small businesses and are often insufficiently resourced to be able to meet some of the planning, research and data collection demands of quality management systems.

The differences among ACE organisations resulting from Board and other policies, their community context, and the nature of decisions about programs delivered, are reflected in provider's income and activity profiles.

The project examined the funding issues raised by these developments. The research was required to explore the economic contribution of Board-funded ACE providers to the NSW economy, the monetary and non-monetary contribution of government, the variety of funding sources of organisations and their quantum and whether existing funding arrangements encourage or discourage equity and access.

The aim was to learn more about the costs of running an ACE organisation and the way these may vary from one type of organisation to another, in different places and economic circumstances throughout the State. The brief stated:

> *... all providers suggest that their very survival is at risk at different times. While it is clear that the recession and drought have contributed to this position, especially for rural providers, what lessons can be gained from examining the various existing models?*
>
> *What are the real costs associated with conducting an ACE organisation? What part do factors such as size, diversity and location play in the economic health of an ACE provider? What part of infrastructure costs can be reasonably funded by providers, what part should be funded by government?*

[illegible]

To begin to provide answers to such questions, the researchers worked with information such as enrolment data held by the Board or furnished by providers, including their audited financial statements, recognising that the analysis of the economics of ACE is handicapped by a lack of previous research in the area. The research questions raised by the economics of ACE delivery are, however, far from simple, and the claims of the economic contribution of the sector difficult to assess, as the Aulich Report (1991) noted.

The approach taken by the researchers was therefore both conceptual and empirical. The first part of the report (Chapters 2 and 3) examines challenges and current developments in funding ACE, and sets out a conceptual framework for analysing costs and outlays. The following chapters (Chapters 4, 5 and 6) report on the analysis of the finances of ACE organisations, using a number of income, expenditure and activity indicators developed from a database of enrolment and financial information to "profile" NSW providers. (Chapter 4). Case studies of organisations of different sizes and in rural and urban locations bring into sharper focus some of the dynamics of funding in individual organisations (Chapter 5). Finally, the important issue of the equity implications of funding arrangements is examined in an analysis of participation in different parts of NSW making use of 1995 enrolment data and examining the socio-economic character of provider 'catchments' (Chapter 6).

Conceptualising the [illegible] of ACE

One question to be answered in examining the costs of an ACE organisation is obviously what 'costs' and 'resources' are considered to be. Any analysis of the economics of delivery makes assumptions about these categories. There are also different ways of looking at and classifying these costs:

- *Direct delivery costs* are those which a provider incurs in teaching the students such as the teacher's salary and the materials the teacher and the students use in class.
- *Fixed costs* remain the same while some elements of delivery change. These include the cost of the teacher's salary, the rental of the room, heating and lighting. Providers may use fixed costs as a guide to the viability of particular programs.
- *Variable costs* change in response to circumstances such as the addition of extra students to a class. The costs of materials, or catering costs, rise with the number of students. Providers may pass on some variable costs to the students.
- The interaction of fixed and variable costs leads to the difference between *average* and *marginal* costs. Average costs are calculated by dividing total costs (fixed, plus variable costs) by a unit

such as the number of students, or student contact hours. Average costs, such as the cost per student contact hour, are used by some funding bodies as a basis for calculating the allocation of funds. Marginal costs indicate the extent to which total costs rise with each addition of another unit, such as an extra student in the class.

In-kind contributions are an important part of the resourcing of ACE. These include any non-financial means by which a community or government assists an ACE organisation to deliver its educational services. In-kind contributions can be from the *community* (premises, materials or services made available gratis or at discount), from *government* (the value of the Board's activities as a broker or agent in securing resources or agreements) and from *providers* themselves (the funding of student concessions and cross-subsidisation).

The *outlays* of providers may be classified in several possible ways - for example, as capital versus operating expenses, or direct delivery and infrastructure expenses. Providers and their accountants use a variety of categorisations. The costs of particular functions, such as teaching, student support and materials could be counted.

A number of factors influence the proportion of its total income that a provider outlays for a particular item or purpose.

- The ability of a provider to allocate financial resources freely may be affected by external decisions, such as the costs of complying with Board and national reporting requirements;
- Allocation decisions are affected by internal policy decisions, such as a decision to make special provision for the learning needs of the disabled or to allocate more to marketing and promotion;
- Current allocation decisions depend on decisions made in previous years, and the resources a provider already has or does not have.

Crucial elements in the economics of ACE include:

- decisions of the management of an ACE organisation about strategic resource allocation;
- funding policies of government;
- the perceived clienteles of ACE and the nature of their demand for ACE;
- the nature of the community.

The income, expenditure and activity profiles of providers reflect this mix of factors, as providers attempt to maximise the benefits that can be obtained by allocating resources in certain ways rather than others, in the light of their judgements about the environment.

The financial [illegible] organisations

The approach was to develop a number of activity, income and expenditure indicators based on the 1995 audited accounts and Board enrolment and funding data. These indicators were used to make comparisons among providers regarding their income and activity costs. Information about indicators was sent to providers for checking and comment.

Four types of indicators were developed.

- *Income indicators* refer to ways of depicting the revenues of ACE organisations. All providers receive main provider funding, and all generate some income by student fees and other sources, including, for example, bank interest;
- *Expenditure indicators* refer to the different kinds of costs involved in delivering services. The costs of administration versus the costs of course delivery were estimated. Expenditure can also be classified in four cost categories: salaries and wages; materials and equipment; facilities including rent; and the residual;
- *Activity indicators* refer to size, growth and the extent of diversification of an organisation's adult education activity, based on 1995 student contact hours. Growth is measured as average annual growth from 1991 to 1995. Other indicators used were the proportion of enrolments (or hours) in general adult education courses and estimates of average course duration;
- *Activity cost indicators* are derived from income and activity information, for example, the subsidy cost of a student contact hour or the average fee for a general course.

The total income generated by the 57 providers who responded to the research is nearly $40 million. A reasonable estimate for the 74 main providers therefore would be from $45 million to $50 million. Three quarters of this was generated by the largest providers, and some one per cent (about $0.5 million) by the smallest providers.

For every dollar the Board of Adult and Community Education distributes to main providers, their activity generates another three to four dollars (a factor of 3.7). The largest providers generate nearly five dollars from other sources for every 'BACE dollar', the medium to large providers generate two dollars for each, and the smaller providers significantly less, between a dollar and fifty cents. For a government funding dollar from all sources, providers generate between 50 and 80 cents.

An analysis of the income of providers grouped by size, showed that:

- the larger the provider, the smaller is the proportion of income coming from the main provider grant and the smaller the proportion coming from Board-funded programs in general;
- the funding of the largest providers is more diversified than that of any other group, and these providers differ widely in both their reliance on Board funding and in the amount of income they receive from other government sources;
- the medium to large providers vary quite considerably in both their total income and the extent to which they access all Board-funded grants (BFG);
- the small to medium providers, though mostly not heavily reliant on the Main Provider Grants (MPG), do not gain much other government funding (OGF) and there is a considerable variation in the income profiles of providers of similar levels of activity;
- the smallest providers vary less in their profiles and are more dependent on total Board funding since few have funding from other government sources and their fees are usually less than half their earnings.

There are marked variations in the income profiles of providers of similar size and activity, except for the smallest organisations. This shows the effects on fee income of both program delivery choices and economic constraints in those communities. Information about the costs of organisations is less adequate and the analysis more problematic, partly because expenses are often not itemised in sufficient detail.

The direct costs of ACE organisations are less clear than might be expected. The gross amounts paid out were in the order of some $38 million for 1995. The larger 50 per cent of providers account for almost all the expenditure. Overall, the main providers do not differ much in the proportions of total budget going to different types of expenses.

A key consideration is the administrative costs involved in 'opening the door' as opposed to the variable costs of delivering courses - an indicator of infrastructure costs. However, only a third of responding organisations explicitly state their administrative costs in this way. Administrative costs (as a percentage of income) rise with decreasing size of the ACE organisation. There are evidently economies of scale in large organisations. Examination of the *activity* of providers shows that:

- larger providers have tended to increase their contact hours rather than their enrolments;
- larger providers are running more special programs and more activities resourced by agencies other than the Board, while the smallest organisations have most of their activity in general courses;
- larger providers have a notably higher average length of course (22.5 hours per enrolment), and this falls to 14.7 hours per enrolment for the medium to small providers.

The diminishing average hours per enrolment almost certainly relates to the cost pressures faced by smaller providers, who keep course fees low in order to keep enrolments up, and offer shorter rather than longer courses.

Providers with smaller incomes for their amount of activity generally have shorter course durations and lower average fees. Thus, the highest 'hours per enrolment achieved' among the small providers equals only the lowest levels found in the large providers and those large providers have the biggest general adult education programs.

Activity cost indicators were used to compare some of the relative costs of producing the activity of ACE organisations, particularly the extent to which Board funding underwrites the delivery of courses (for example, the subsidy cost per general program student contact hour). This analysis found that:

- the largest providers have a much *lower* level of subsidy cost and a higher level of average general fee (AGF) than the *smallest providers* who have a much *higher* level of subsidy cost per general hour and a lower level of average general fee;
- the 'Board subsidy cost' of a large provider's hour (say $0.90) is roughly *one fifth* of its average general fee per hour, whereas for the smallest provider it is nearly *twice* the general fee. In other words, government is contributing a large part of the cost of courses in smaller providers, and a small part in larger providers.

Larger providers can, within a certain range, charge higher *average* levels of fees than smaller, though this depends on the population served. Smaller providers are more constrained in the range of fees they can charge.

Equity and funding issues

The analysis of income, activity and expenditure points to questions about the effects of the location of providers on their finances and whether existing funding arrangements act as a disincentive or an incentive to equity in participation.

The effect of funding on equity is, however, a complex question. It involves relationships among three domains: the *provider* and its responses to the government policy environment; the socio-economic character of the *area* serviced, and the nature of *participants* who enrol in programs offered. Moreover, there is a dynamic interaction between these factors. The organisation takes strategic decisions in the light of funding policies, makes assumptions about the clientele attracted to and able to pay for its programs and takes decisions to promote services to these participants. This has consequences for their fee income, the avenues of program funding pursued, the kinds of people who make up the student profile and the extent to which 'equity groups' participate.

Because ACE is resourced in part through cost-recovery, the socio-economic character of the provider's locality must have a powerful influence on patterns of participation. The analysis highlighted the potential importance of a number of indicators - population density, the relative affluence of residents and their educational level - acknowledging that a range of cultural factors including Aboriginality and ethnicity influence whether people participate in ACE (or any form of post-school education and training) and whether they can afford to do so.

Three types of analysis using student home postcode data from the 1995 BACE data collection were carried out: postcode participation analysis, provider catchment analysis, and regional analysis. The extent of equity analysis possible is currently limited by the incompleteness of data for 1995 relating to demography of participation based on residential postcode.

The postcode participation analysis suggests that:

- the *demand* for ACE might be related to such demographic factors as an area's population density, the proportion of residents lacking post-school qualifications or the proportion of professionals and managers;

- different factors are operating in urban and rural areas, because there are marked differences in the relative affluence and population densities of postcodes with high rates of participation;

- Sydney postcode areas where participation is high, mainly in the inner-city and northern suburbs, have high population densities, high household incomes and higher proportions of qualified people;

- postcode areas outside Sydney with high participation rates reverse the image of urban high participation, suggesting that different factors come into play to stimulate ACE activity in the country;

- country postcode areas are served mostly by small organisations which rely on higher levels of Board support per student, have low average general program fees, lower fee incomes and a lesser capacity to generate fee income; participation in ACE in these areas would be unlikely to occur without Board funding.

A second analysis attempted to map provider catchments using the proportions of students in each of the postcodes enrolling with a provider in 1995, though it was not possible to profile the participant's age, gender, employment status or other characteristics. This analysis showed that:

- the key postcodes of most large metropolitan providers make up quite a small share of the total college enrolment, with a few notable exceptions (Mosman, Cremorne and Neutral Bay, total 64 per cent). In general, the closer the college is to the Sydney CBD, the more college catchments overlap;
- it appears that the most active Sydney providers are drawing upon similar clienteles concentrated in postcodes with a certain socio-economic profile rather than each serving a range of participants in a distinct locality or urban community;
- ACE participation appears to be particularly concentrated in urban areas where the proportion of households earning over $50,000 in 1991 was high compared with the proportion for NSW as a whole (say, 40 per cent relative to NSW 21 per cent);
- a study of Sydney Community College shows that it enrolled around three-quarters of all 1995 ACE students in Chippendale, Leichhardt, Rozelle, Annandale, Newtown, Stanmore, Erskineville and Balmain but these areas account for only 33 per cent of the College's 1995 enrolments.

A third analysis examined regional differences, linking differences in providers' incomes and activity costs to socio-economic differences between areas in NSW. This analysis confirms the marked differences between the greater Sydney conurbation and the rest of NSW on the range of indicators likely to affect the demand for and affordability of ACE. It showed that:

- levels of household income are generally markedly higher in Sydney than in the country, where they are in all cases below those of NSW as a whole. Further, household income differentiates more among the regions than the indicators of professionalisation of the workforce or level of qualification;
- the highest levels of household income are found in Sydney's northern suburbs associated with concentrations of professionals. By comparison, most of the non-metropolitan regions have relatively few households with higher incomes, including inland regions and some quite urbanised coastal areas such as North Coast.

The household income factor (HHI) may help to explain why some colleges do not have large fee incomes while others (those in Sydney's northern and central suburbs) do. Low HHI levels may limit the ability of an area to sustain a large amount of activity through fee generation, if fees act as a damper on demand and require the provider to find more of the costs of delivery from the Board or other government sources.

Two case studies further explore the nature of participation at the regional level. Two Newcastle providers appear to compete for students from the same high-participation postcodes, yet differ in their activity, pricing of courses and income. On the far North Coast, a community college and several Community Adult Education Centres (CAECs) serving the same region apparently compete for enrolments in the most urbanised postcodes. How far this group of providers is competing and how far complementing each other's provision is not clear.

Future research, using more complete enrolment data, needs to establish which postcodes might be being neglected by the current delivery of ACE, and which postcodes are well served by other VET providers *rather than* ACE. This study should match the enrolment participant data to 1996 census data to establish to what extent a provider is reaching defined equity groups in the area.

Chapter Two

challenges in funding ACE

This chapter sets out some of the issues in examining the economics of ACE delivery in New South Wales. It first describes the significance of the resourcing issue as identified by the Senate report into adult and community education from the point of view of the Council of ACE Organisations. It then briefly examines the changes in the NSW Board of Adult and Community Education's funding directions since its inception in 1991/92 as a means of understanding the funding context in NSW.

The main findings of the chapter, in summary, are:

- Adequate levels of funding ACE have been a focus of attention of both the 1991 Senate report into adult and community education, and submissions by peak bodies of ACE providers in NSW;
- The funding priorities of the NSW Board of Adult and Community Education have changed since its inception in 1991/92 and increasingly are focused on ensuring that funding rationales and accountability frameworks reflect government policy and the Board's strategic directions;
- Between 1992 and 1995 the funds BACE has been responsible for allocating to ACE providers have increased by 108 per cent;
- Between 1992 and 1995 BACE has become a significant broker of education and training programs on behalf of NSW ACE providers;
- New models of funding ACE in NSW are driven by state and national moves to foster a training market and shifts in government policy which place greater importance on stronger accountability and regulatory frameworks with an emphasis on quality management systems.

[illegible]

Funding issues receive frequent reference in the growing literature on adult and community education. The Senate's *Come in Cinderella* Report (Aulich, 1991) made it a special focus and highlighted the difficulties created nationally by the inadequate levels of resourcing. It recommended greater support for infrastructure and relief for community organisations from the imposition of submission-based funding.

Providers naturally have been preoccupied with funding issues. In a recent article, Brian Peace, a senior adviser with the former NSW Board of Adult Education, outlined an historical perspective on the development of evening and community colleges in NSW. Peace highlights the year 1990 as beginning a new era marked by the advent of community ownership and management, the appointment of full-time principals and the ability of colleges to generate their own income through fees. Noting the 'removal without wider community consultation of all references to evening colleges' in the new *Education Reform Act* (*1990*), he sees the changing role of government in funding adult education as a central issue:

> *The transfer of management from the Department [of Education] to community-based management councils, however, severed a relationship that had existed for over one hundred years. On the one hand, it set colleges free from the limitations of departmental ways of operating and placed ownership squarely with the community, but on the other, it was, and still is, perceived as a threat to the support base of government funding and access to schools - both seen as essential to the survival of college services.* (Peace, 1995,241)

Peace concludes that there are both opportunities and risks for the new 'community' providers of the 1990s. In listing issues and concerns, he gives most attention to funding matters, noting the disparities that have become apparent among the larger providers:

> *The financial position of individual colleges varies considerably ... some colleges, especially those that have been adventurous with varied program formats and with other program initiatives or who operate in relatively affluent areas, are currently in a relatively sound financial position. On the other hand, those located in areas of disadvantage or where competition is high or where ACE courses have low priority, are less able to provide a broad range of services. It is the latter group ... who are constantly pressured to increase their enrolment fees in order to survive, with the inevitable result of denying access to disadvantaged people.* (Peace, 1993,244).

Such concerns draw attention to some of the dynamics of funding affecting the individual ACE organisation in NSW. Disparities are due not only to the 'adventurousness' of the management and its programming of courses, but to the characteristics of the potential clientele of the 'community' served, with consequences for the level of demand and activity, income-generation and cost-recovery. It is to a better understanding of such interactions that this research may make a contribution.

Given the paradigm change to community-based adult education analysed by Peace and others (see also Peace, Tennant and Manser, 1991; McIntyre, 1995), it is not surprising that provider organisations have been vocal about funding issues. The peak body, the ACE Council of NSW Adult and Community Education Organisations (the ACE Council) has argued for some years for increased State Government financial support of ACE, urging the Board to take steps to obtain better funding for infrastructure costs.

In its 1993 submission to the Board, the ACE Council stated that there had until then been 'no analysis of the costs incurred by providers' and alluded to possible operational deficiencies due to lack of financial support. While enrolments had nearly doubled from 1983-1991, the ACE Council asserted that government funding had declined by more than half in the same period (ECCA,1993,2). ACE organisations were having to cope with declining funding while at the same time absorbing increasing administrative costs, many of which, such as charges to access schools, insurance, copyright and occupational health and safety, arose from the providers' 'independent' position outside government control.

The ACE Council stated its acceptance of the 'user-pays principle' but understood this to mean that 'the user pays for the variable costs associated with the provision of an educational service' and argued that it was the role of government to 'resource a statewide network of adult education providers by meeting the fixed costs that enable a provider to open its doors' (1993, 3) and provide a responsive service.

The submission then went on to outline what it believed were the consequences of the 'current funding strategy of minimal survival funding' including poor pay and conditions, lack of career paths and burn-out of staff, a heavy reliance on seeking funding from other sources and higher fee levels leading to lack of opportunities for groups with special needs. It then drew attention to the consequences of a lack of proper office accommodation for administration and set out, through case studies, schedules of appropriate levels of fixed-cost funding for ACE providers in NSW (1993, 9-15).

The costs of running an ACE organisation in rural areas and delivering a service over a wide area has been analysed in several places, including a paper by two college directors (Smith and McPherson, 1991) which showed that the user-pays principle could never be an adequate resource base for funding provision dispersed over large rural areas.

The Board's commissioned research on vocational outcomes reported in *ACE Works* (McIntyre, Foley, Morris and Tenant, 1995) examined the regional perspective on ACE. It reviewed the considerable literature on the needs of regional Australia for post-compulsory education and training and identified a number of factors affecting the economics of rural ACE provision:

- the diversity of types of provision of ACE and the Board's role in balancing the demands of different providers (1995, 102);

- the general lack of co-ordination in post-compulsory education and training and the corresponding need for greater collaboration among different sectors (universities, TAFE, ACE and other government agencies) recommended by a long line of policy documents (1995, 103);

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- the trend for slower growth of both TAFE and ACE provision in isolated rural locations (1995, 104);
- The limitations of the user-pays principle as a means of funding non-metropolitan provision, due to the dispersion of population, the administrative span of colleges and the relative poverty of rural localities (1995, 124-125).

In regard to the last, *ACE Works* reinforced the conclusion that there were quite definite limits to the extent to which general adult education activity could be 'self-funded' through student fees, particularly the limitations set by levels of household income in different regions and localities. Hence expansion of ACE was mainly occurring where providers had gained alternative sources of funding.

The challenges in funding ACE are therefore widely recognised as a central concern of the sector. At the same time as ACE organisations have debated the adequacy of funding from government, so has government deliberated on the nature of funding arrangements in those States - NSW and Victoria - where statutory boards have been established to provide advice to government and distribute funds to ACE providers.

Finally, any analysis of the economics of ACE must recognise the contribution the community makes. The challenge is to find an adequate way of understanding this contribution. The development of community based adult education since the nineteen-seventies has meant that some of the costs of delivering ACE have been found by the organisations. Indeed, the growth of the ACE sector would not have occurred without these 'in kind' contributions.

An 'in-kind contribution' refers to any non-financial means by which a community or government assists an ACE organisation to deliver its educational services. A community contributes part of the infrastructure of delivery through its management committee, by providing premises or services gratis and so on. Government, through the Board, secures access for providers to services or resources such as agreements regarding use of school premises or accredited courses. In a sense, ACE is a partnership of government and local associations, where each party contributes non-financial resources to support ACE delivery in an area.

The political challenge to the public sector to demonstrate greater efficiency and effectiveness has highlighted the increased role of the community sector in the corporate state (McIntyre, 1995). Recently this has been given a new context by the emerging debate on 'social capital' in Western societies (Cox, 1996). In this view, community-based services like ACE are possible because of the willingness of people to participate in voluntary associations, which in turn signifies social trust and a belief in the value of cooperation.

Eva Cox outlined the concept recently in the following way:

> *Social capital can be described as the product of our relationships with each other, particularly those outside our immediate and intimate relationships ... Social capital can be translated as social trust, the trust we have in strangers and institutions ... Social capital differs from other forms of capital: financial and physical capital can be used to produce wealth, as can human capital and our individual skills. Only social capital is a measure of process, a measure of our satisfaction with the way we interact ... The assumption is that when we experience positive experiences with a wide range of other people, we accumulate social trust. We are prepared to transfer the trust to strangers and be generally optimistic that others will act positively towards us.* (Cox, 1995, 7)

This concept draws attention to local ACE activity as a product of the funding by government and the social capital of communities manifest in its in-kind contributions. In turn, community based adult education can be seen as promoting social cohesion and social capital. The skills and resources of adult education both draw upon and contribute to the quality of life of communities. It appears to thrive where such resources are concentrated and where 'energies' are available for community action. The multiplier effect of government funding can therefore be seen, not only in a purely economic sense, in generating economic activity, but as creating social capital. Similarly, the withdrawal of government and other services in rural areas can be seen as diminishing social capital.

From this standpoint, one of the challenges to funding ACE is to understand the in-kind contribution of communities and government to the provision of an ACE service, to understand economic costs and benefits in relation to social costs and benefits and to consider the effects of funding arrangements on the nature of delivery itself.

However, though it is desirable for the project to try to estimate in-kind contributions to the cost, it is beyond its scope to do so in any but a token way. This is partly because of the difficulties in quantifying what is in everyday practice not quantified, so that participants themselves may have trouble 'putting a figure' on non-financial effort in their organisation.

Developments in BACE Funding 1992-1995

In 1991 the first statutory Board of Adult and Community Education was established to promote the provision of Adult and Community Education (ACE) in NSW. It was established not as a provider of ACE but rather to support the community owned and managed ACE providers in expanding and enhancing the provision of ACE. The Board identified its role as that of being in a 'partnership arrangement' or 'strategic alliance' with the Main Providers of ACE and identifies the support it provides by:

- allocating specific purpose funds to Main Providers;
- representing the interests of the ACE Sector in national, state and professional forums in addition to providing advice to the NSW Minister;
- developing and implementing initiatives, either independently or in conjunction with other ACE sector representatives;
- undertaking research and developmental projects aimed at assisting the NSW ACE sector;
- supporting Regional Councils of ACE which provide support to rural Main Providers.

In the five years since the Board was established the number of enrolments in NSW ACE, according to Board statistics, has virtually doubled. During the same period there have also been significant changes in the funding arrangements between the Board and the Main Providers (see below) of ACE.

During that time the amount of money distributed by the Board has more than doubled. These funds were derived either directly on behalf of the NSW Government or on behalf of other government or national authorities such as the Australian National Training Authority (ANTA), the NSW Board of Vocational Education and Training (BVET), the Australian Committee on Vocational Education and Training Statistics (ACVETS), or under the Australian Language and Literacy Policy (ALLP).

In 1992 the Board allocated $4.746 million to ACE organisations. By 1995 this sum had grown to $9.877 million, an increase of 108 per cent in four years (Table 1).

Within that period however there has been a major rearrangement of the way funding is allocated. In 1992 the Board's Main Provider grant, which is allocated as an untied grant and only to those NSW ACE organisations defined as a Main Provider, made up 67.7 per cent of all funds distributed by the Board. The Main Provider grant is allocated to each provider according to a formula which takes into account enrolment size, number of courses conducted, provider location, an isolation factor and disadvantage indicators.

The remaining monies distributed by the Board in 1992 were allocated to only two other categories: Literacy (20.7%) and Special Needs (which in that year was allocated to programs designed for people with disabilities - 9.3%). Some two per cent was also allocated to New Initiatives and other small grants. At that time no funds were allocated to accredited vocational education and training.

By 1995 the Main Provider grant as a proportion of all grants distributed by the Board had fallen to 53.2 per cent and funds distributed for accredited vocational education and training had risen to 25.5 per cent of all provider funding.

The biggest change in this period was the shift in funding from a reliance on the untied Main Provider grant, which in large part reflected a pattern of historical provision inherited from the previous Board of Adult Education, to a greater emphasis on program-based output funding.

There has been a steady decline in the importance to many ACE organisations of the Main Provider grant and a simultaneous increase in the importance of accessing program-based funds such as for vocational education and training and special needs programs. Table 1 shows quite clearly the funding directions in each of these program areas.

The Board's role has also evolved to coincide with these shifts in funding arrangements. While in 1992 the Board's primary function was distributing NSW Government funds through the Main Provider grant and providing policy advice to the Minister on adult and community education, it now increasingly fulfils a role as a broker of education and training programs on behalf of NSW ACE along with an expanded research, policy and advocacy function.

The Board's success in accessing national funds in the areas of vocational education and training, literacy, management information and statistics associated with vocational education and training, and national research projects has resulted in a notable increase in the amount of funds available for distribution to NSW ACE organisations.

The Board's evolving role as a 'broker for ACE' has benefited NSW ACE providers in ways other than through obtaining access to financial grants from other state and national sources. There have also been non-monetary benefits particularly in the area of vocational education and training. In recent years the Board has obtained accredited curriculum from the Victorian Office of Training and Further Education (OTFE) free of any licence costs to providers, organised an initial blanket reciprocal accreditation with the NSW VETAB, provided assistance and payment to enable ACE organisations to become registered training providers, and provided specialist advice and assistance in the compilation and reporting of records and statistics on literacy and vocational education and training.

These steps have enabled ACE organisations to submit tenders to other government funding bodies which were requiring training providers to be registered and to have licences for accredited curricula, thereby providing an important advantage in the emerging training market.

NSW BACE ALLOCATIONS 1992-95

	1992		1993		1994		1995		TOTAL	
PROGRAM	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Main Provider	3216.7	67.7	2821.8	50.7	2795.4	40.1	5263.7	53.2	14097.5	51.9
VET	0.0	0.0	478.6	8.6	2403.0	34.5	2519.7	25.5	5401.3	19.9
Special Needs	443.1	9.3	482.5	8.7	420.5	6.1	492.9	5.1	1839.0	6.7
Literacy	983.8	20.7	1742.5	31.2	1218.3	17.5	1243.9	12.6	5188.5	19.1
New Initiatives	59.1	1.3	16.0	0.3	49.8	0.7	11.5	0.1	136.5	0.5
AVETMISS	0.0	0.0	0.0	0.0	56.6	0.8	344.6	3.5	401.2	1.4
Other	43.4	0.9	27.4	0.5	22.9	0.3	1.0	0.0	94.7	0.3
Total	4746.2	100.0	5568.8	100.0	6966.5	100.0	9877.3	100.0	27158.7	100.0

Table 1

The perspective adopted in creating this table was that of a Main Provider in receipt of funds from the Board of Adult and Community Education. Access to these grants is conditional upon being a Board-funded Main Provider. They are not available to other adult education providers. Several matters need to be noted.

- The Main Provider Grant for 1995 ($5,263,700) includes an additional 'equipment and resources' component of $795,100 on top of the annual allocation of $4,468,600.
- The VET figures for each year combine all the components of the VET program. That is, in 1993 the sum of $478,602 was used for curriculum development and provider registration preparation and went under the program heading of Commonwealth Training Reform Grants. In 1994 and 1995 the figures combine all allocations for curriculum development and course provision. In addition, for 1993, 1994 and 1995, all allocations for accredited courses funded by ANTA through the Board (Literacy, Language and General courses) are recorded in this row.
- The nature of the Special Needs grants changes throughout this period. In 1992 and 1993 a funding program for 'People with Disabilities' was in operation. This program ceased in 1994. Other allocations made during this period under

the general heading of Special Needs include Special Needs (Metropolitan), Special Needs (General), Deaf and Hearing Grants, and Special Needs (Model Projects). All these allocations have been combined under the heading Special Needs.

- Literacy. Again a variety of funding programs have been collated under the general heading of Literacy. They include AESIP; ALLP Jobseeker/SIP; ALLP Professional Development; ALLP Provider Grants; ALLP Regional Literacy Co-ordination; BVET Literacy Professional Development; BVET Literacy Provision; BVET Literacy Regional Literacy Co-ordination; and the NSW Literacy Program.
- Other. Includes Emergencies, Relocation and Statewide Initiatives funding programs.
- These figures do not include BACE funding of Other Providers of ACE or funding of Regional Councils.

As national training reform has evolved, the context for government funding has changed. The Board now identifies its role as 'establishing the policy, planning, resource allocation and quality frameworks for the ACE Sector as a sector providing government-supported education and training.' These frameworks operate within a broader state and national framework which has the aim of fostering a training market through policies such as 'competitive tendering for funds, an emphasis on quality assurance, introducing user choice, and a view of government that providers are suppliers of training, purchased by government for identified target groups.

As a result, government policy relating to the provision of funds for education and training places greater importance on the 'implementation of strong accountability and regulatory frameworks and an emphasis on quality management systems as a means of ensuring value for money and quality of outcomes for individuals.'

This has led the Board to review its funding rationale. The purpose is to:

- review the current purposes for which funds are allocated;
- ensure that program rationales and funding allocation methods reflect the key strategic objectives of government policy;
- enable the measurement of outputs and outcomes of government expenditure through the implementation of a range of monitoring, reporting and evaluation strategies;
- assure the quality of education and training outcomes.

The Board's intended method for meeting this revised funding rationale is to ensure that:

- funds are linked to quality;
- funds are distributed on a more equitable basis to ensure that ACE is made available to a wider cross section of communities;
- funds are targeted and linked to the ability of organisations to achieve clearly stated outcomes and outputs;
- monitoring and evaluation processes focus on student outcomes and outputs.

VET and literacy funding

The funding of two programs - the ACE VET program and the Literacy program - represents a transition from the Board's initial funding method to models based on need and outcomes.

The VET program grew in response to national training reform and especially after the establishment of ANTA and the availability of growth funds. It evolved from a detailed submission-based program where providers were required to detail every aspect of course delivery from course name and total number of student contact hours involved to place of delivery and teacher qualifications. If approved the provider was subsidised for each student contact hour delivered and any shortfall was balanced against future funding.

In 1995 the program was amended so that providers could apply to offer a program of accredited training within one of seven bands. Each band prescribed a minimum number of student contact hours to be delivered in courses which providers had been approved to run as part of their VETAB registration.

This shift was more in keeping with the Board's intention to position itself as a funding agency which purchases training hours from providers.

The providers nominated their proposed courses and minimum delivery targets measured by student contact hours and committed their organisations to introducing quality systems. They were required to report on their success in meeting those targets and achieving the program's outcomes as measured by student completions.

In 1995 the Board also adopted a new method of distributing Literacy funding following a 1995 Review of Literacy Funding and Coordination. The principles underpinning the new Literacy Funding system were:

- Literacy allocations to regions would be based on a Literacy Funding Formula, and would be based on need rather than funding history.
- Literacy allocations to providers would be determined at a regional rather than state level.

  Student Contact Hour targets would be established across all literacy programs and linked to the Literacy Formula.
- All regions would receive Regional Literacy Coordination funding.
- The higher cost of communication, coordination and provision in remote areas would be taken into account when targets were being established and regional allocations made.
- A provision:coordination ratio of 70:30 would generally be maintained at the provider level.
- Transitional funding would be made available to ensure that no region received a cutback in funding of more than 10 per cent during implementation. (*The ACE Regional Literacy Funding Formula*, NSW Board of Adult and Community Education).

The Literacy Formula comprises two components: a need component to which 90 per cent of all available funds are allocated, and an isolation component to which the remaining 10 per cent are allocated. The need index is determined by three indicators - education, income and occupation. ABS statistics are used to generate each indicator and each statistic is measured as a percentage of either adult population (education) or full population (family income and occupation).

- Education has the greatest weighting (75%) and is determined on the basis of the proportion of the adult population who (1) have a degree, (2) have a certificate or equivalent qualification, (3) are students more than 15 years old, (4) left school at less than 15 years old, (5) never attended school, or (6) have no qualification.
- Income is weighted at 12.5 per cent of the index and is determined by the percentage of families above or below an indicator cutoff.
- Occupation is also weighted at 12.5 per cent of the index and is determined by the percentage of population in one of 14 occupational categories ranging from professional to unemployed.

The isolation component involves assessment of both the percentage of a region's population living in rural areas or towns and the region's geographical size. It also provides for additional funding to compensate for higher costs associated with remoteness.

A delivery target measured by course contact hours and arrived at by using the need index only is attached to each allocation. The isolation component adds to a region's funding without increasing target contact hours.

The major differences between this funding approach and those previously used by BACE are that the new approach attempts to predict need using ABS statistics; it seeks to allocate funding across the State on an equitable basis; and it ties funding to measured contact hour outcomes. It is not a funding approach which seeks submissions from providers citing their previous performance, capacity to deliver, or the potential demand they can either respond to or generate.

When the new NSW Board of Adult and Community Education was established in 1991/92 it took the initiative of re-examining the funding arrangements of ACE providers. It established a funding formula and new programs. In retrospect the Board's funding parameters and the accountability demands it expected of providers were more limited than today. Government funding is being shaped increasingly by moves to establish a training market and is being tied to specific targets and outcomes related to equity and quality management systems.

These moves present challenges to all ACE providers although the challenges are different depending on the provider's size, infrastructure, location, and the local community's income. Many larger providers have already taken steps to re-position themselves as education and training providers by embracing accredited vocational education and training and offering substantial labour market programs. Largely because of that experience, those providers find themselves in a good position to develop the quality management systems which are scheduled to become a condition of ongoing government funding.

Many smaller providers find themselves less able to respond to the opportunities and expectations of the training market. They view themselves as local community centres responding to the needs of their community and offering a valuable resource to that community. They do not generally see themselves as small businesses and are often insufficiently resourced to be able to meet some of the planning, research and data collection demands of quality management systems. For these reasons some small providers run the risk of not meeting new benchmarks and slipping into a downward spiral.

These issues are considered further in Chapters 3 and 4.

Chapter Three

conceptualising the costs of ACE organisations

This chapter sets out a framework for conceptualising the economics of ACE delivery. One of the difficulties in investigating the nature of the costs of an ACE organisation is obviously what 'costs' and 'resources' are considered to be. Any analysis of the economics of delivery makes assumptions about these categories. Therefore, some discussion of the conceptual framework is necessary.

This section of the report aims to:

- examine the nature of costs;
- identify some of the main costs in delivering programs;
- state what resources are available to providers;
- examine the difference between financial and in-kind contributions;
- examine the nature of the outlays of organisations.

The costs of ACE organisations

There are several different types of costs that an ACE provider will incur in delivering adult education. There are also different ways of looking at and classifying these costs. If the real costs of delivering ACE are to be determined, consideration of all these costs is essential.

Direct delivery costs are those which a provider incurs in teaching the students such as the teacher's salary and the materials the teacher and the students use in class. In addition to direct delivery costs a provider will incur *infrastructure costs* associated with administering the programs and providing the buildings and equipment necessary for the classes.

The provider's *fixed costs* will remain the same while some elements of delivery change. The addition of a few extra students to a class will not, for example, alter the cost of the teacher's salary, the rental of the room, or heating and lighting. Providers may use fixed costs as a guide to the viability of particular programs, setting minimum class sizes as the lowest number of students whose fees (or other funding) will cover fixed costs.

In contrast to fixed costs, *variable costs* will change in response to circumstances such as the addition of extra students to a class. The costs of materials, or catering costs, will rise with the number of students. Providers may pass on some variable costs to the students in setting enrolment fees, or additional materials fees.

The interaction of fixed and variable costs leads to the difference between *average* and *marginal* costs. Average costs are calculated by dividing total costs (fixed, plus variable costs) by a unit such as the number of students, or student contact hours. Average costs, such as the cost per student contact hour, are used by some funding bodies as a basis for calculating allocation of funds. They can be useful in giving the provider an indication of the likely costs of adding new programs. Marginal costs indicate the extent to which total costs rise with each addition of another unit, such as an extra student in the class. Once a minimum class size is set, the marginal cost of additional students may be very low, up to the point where it is no longer possible to add an extra student without forming a new class.

These different types of costs are illustrated in Table 2.

Identifying costs

A starting point for identifying the costs of delivering education programs is to examine providers' patterns

TYPE OF COSTS

TYPE OF COST	DESCRIPTION	EXAMPLE
Total costs	1. The sum of direct delivery costs plus infrastructure costs 2. The sum of fixed costs plus variable costs	See below
Direct Delivery costs	Costs incurred in teaching	Teachers salary, teaching materials
Infrastructure costs	Costs incurred in supporting teaching	Administration, buildings and equipment, libraries
Fixed costs	Costs that do not change when some aspects of delivery do	Heating, lighting, rental
Variable costs	Costs that change with aspects of delivery	Materials
Average costs	Total costs divided by unit of measure	Total costs divided by the number of students, or student contact hours
Marginal costs	The extent to which total costs rise with the addition of another unit	The difference in total costs caused by the addition of one or more students to a class, or one additional contact hour

Table 2

of expenditure, or outlays. This can be done using budgets or annual reports of income and expenditure. However, while this is a useful approach there are some shortcomings that need to be considered.

Levin (1983) identifies four such problems. First, information will not be given on all the 'ingredients' the provider uses in delivering ACE. Contributed resources such as the time and skills of volunteers, donated equipment and services and other unpaid inputs will not be included. Second, resources that have been paid for by another agency will not be included. This might include, for instance, subsidised rental or equipment. Third, true costs may be distorted by accounting practices such as charging major building renovations, or similar capital investments, to a particular year though these assets may have a much longer lifespan. A new roof, or heating system, for example, may last for 20 years before needing to be replaced. This means that only one-twentieth of the cost should be charged to a given year. Charging the whole amount to a single year overstates the true cost of operating for that year and understates the cost for the subsequent nineteen. Fourth, some costs may be embedded in a much larger unit and therefore difficult to isolate. Levin uses the example of the costs of a new program, where expenditure line items refer to functions and objects such as 'administration' and 'maintenance', 'supplies' and 'teachers'.

In addition to these four problems, Levin notes that the use of budgets to identify expenditure has a drawback in that most budgetary documents represent plans for how resources will be allocated, rather than actual expenditure. They show what is expected, rather than what happens.

For all these reasons he concludes that primary reliance cannot be placed on such documents to ascertain costs, although they will provide some useful data.

Bearing in mind these difficulties, information about the outlays of providers was obtained for this study in two ways: through the collection of some budget statements and annual reports, and through consultations in which providers were asked to indicate the sources of their funds, the purposes for which funds are allocated, and the nature and role of subsidies and in-kind contributions. Due to the need for comprehensiveness, the following information is drawn mainly from these consultations.

Costs and resources

The costs incurred by a provider in delivering ACE will depend on the number and mix of resources that the provider requires to carry out its functions, and on the way in which these resources are acquired and used.

The resources that an ACE provider needs to deliver ACE will depend on the nature, number and range of activities that the provider engages in. Burke and McKenzie (1994) suggest that pre-initial vocational training providers are likely to use a variety of resources that can be grouped into five broad categories: personnel, materials, utilities, equipment and buildings. Of these, personnel, buildings and equipment will probably be the most significant. From the information provided by ACE providers it is clear that their needs are similar, and generally fall within these same main categories.

Personnel or *human resources*, play an important part in determining how much ACE is delivered and its quality because it affects the structure, content and teaching of the courses and programs, and the nature of the 'learning environment'. The human resources of ACE providers comprise the skills, attributes and labour of the many different people who contribute to the delivery of adult education, including teaching and administrative staff, volunteers (for example, tutors and members of management committees), the students themselves, and people from external groups or organisations. They are used both in direct delivery and in maintaining the infrastructure that supports it.

Costs incurred in relation to human resources are of several different kinds. For employed staff, the most substantial costs are likely to be salaries and salary-related costs such as superannuation, worker's compensation and allowances for long-service leave. For both volunteer and employed staff costs may be incurred in providing a safe and pleasant working environment that will encourage and reward effort, in allowing for professional development and training and attendance at conferences.

Buildings and equipment, together with materials, are *physical resources*. The level and variety of physical resources that a provider can draw on are important because they affect the number and type of activities, especially where specific activities require particular types of physical resources. For instance, the total number of classes will partly depend on the number of rooms, and the number of computer courses will be affected by the number of computers available. Some activities, such as discussion groups, may require fewer physical resources than others.

The costs incurred in relation to physical resources are of two main kinds: those incurred in acquiring the resource, and those arising from maintaining it. Importantly, while some physical resources can be used only once, many can be used again and again, over a long period. This means that these costs can be spread over this period. (The length of the period will depend on the rate at which the resource deteriorates, which in turn depends on what it is, the number of times it is used, the ways in which it is used, and its form of construction.)

For many ACE providers, purchasing physical resources at market prices, particularly those requiring a substantial capital investment, is neither possible nor necessary. Limited financial resources restrict purchase and it may be more efficient to negotiate the use of physical resources owned by others. In addition, a resource might be provided at a subsidised price, or as an in-kind contribution. Decisions to invest in the acquisition of physical resources are affected by the magnitude of the cost and the financial resources available, the length of time over which the costs can be spread, and the expected return on the investment, such as the extent to which the resource will enlarge the range of income-producing and other activities that can be undertaken.

To obtain the resources they need ACE providers draw on their financial resources and in-kind contributions. Financial resources are limited and regarded by some providers as insufficient to meet all their needs. Thus if some resources can be acquired at below market prices, or as in-kind contributions, they can allocate more of their financial resources to other purposes.

Financial resources are obtained from three main sources: government contributions, student fees and charges, and commercial activities. A small number of additional sources also contribute, such as interest earned on investments and donations.

Student fees and charges. The nature of these fees and charges, and the levels at which they are set, vary according to the provider and the particular activity or service, but they generally include student enrolment fees and charges to students for the use or purchase of facilities, materials or equipment.

Commercial activities. Providers engage in a number of activities that are income-producing. They include:

SOURCES OF INCOME OF ACE PROVIDERS

State Recurrent, State Capital	Grants from BACE, BVET and DTEC (including ANTA funds administered by the States) Grants from other State agencies
Commonwealth Labour Market Programs	DEETYA
Other Commonwealth Specific Funded Programs	DEETYA Special Intervention Program - Literacy Health and Community Care
Other Government Contributions	In-kind contributions Grants from local government
Commercial Trading Activities - Training	Fee for service cources including customised training programs and all other programs for which a fee is charged
Other Operating Income	Revenue from sources other than student fees and fees for service: providers receive revenue in this category in the following ways: • one-off special purchase grants • selling materials • hiring physical resources • selling advertising space • asset sales • exhibitions and sales of work • interest on investments • foundations • donations, bequests, sponsorships, in-kind contributions to ACE providers

Table 3

- selling educational services, for example delivering customised or uncustomised training programs for client groups such as industries or enterprises;
- selling materials such as customised training materials, manuals, or curriculum guides;
- hiring out physical resources, such as rooms and equipment;
- selling advertising space, such as in course brochures;
- asset sales;
- other activities such as exhibitions and sales of work.

Government contributions to the income of ACE providers are of two main types: grants, and payments for contracted services.
The NSW State Government provides a variety of *grants* in support of adult and community education through a number of different agencies including the Board of Adult and Community Education, the Department of Health, the Board of Vocational Education and Training, and the Department of Training and Education Co-ordination. Grants are available to support adult education generally or particular programs or activities, such as literacy programs or provision of vocational education and training. Only some categories of providers receive some types of grants; for instance, only sole ACE providers receive Main Provider funding from BACE. Further grants are also given from time to time for special purposes or specific activities, or to particular sub-categories of ACE providers.

Similarly, a variety of Commonwealth Government agencies provide grants that support adult education, mostly for specific activities, programs or initiatives. These have included the Australian National Training Authority (ANTA), the Home and Community Care (HACC) scheme, and the Aboriginal and Torres Strait Islander Commission. Some Commonwealth grants, such as ANTA growth funds, are allocated and/or administered at the State level.

Local governments also provide grants. The nature and level of these grants are varied, depending on the particular local government, its priorities, and local needs. These grants are more frequently given to, and are more important to, providers in rural areas.

Some grants may be tied, that is the granting body may stipulate the purposes for which they can be allocated.

Contracted services: Governments also contribute to income by awarding ACE providers contracts to provide specific services. In particular, some ACE providers have been successful in winning contracts from the Commonwealth Department of Employment, Education and Training (DEET now DEETYA, with the addition of Youth Affairs) for the provision of labour market programs.

In addition to the main sources listed above, ACE providers indicate that they obtain income from foundations, interest earned on investments, donations, bequests and sponsorships.

Income sources can be classified in a number of different ways. Below they are classified according to the indicators for reporting revenue by the source of funds, contained in the AVETMISS Resources Module (September 1994). Some categories cited in the Module have been deleted here because no revenue was reported as derived from them.

Providers receive in-kind contributions from governments, local communities and associations concerned with adult education. The schedule of contributions in Table 4, prepared from data collected in consultations shows a wide diversity in the nature of these contributions. Many are contributions to the provider's human resources (for example, voluntary teaching, administration, cleaning and maintenance) or physical resources (for example, subsidisation of buildings/equipment, use of community facilities). A considerable number consist of services such as sector promotion, curriculum development and industrial advice; others directly reduce providers' financial outlays (exemptions from taxes and charges, training subsidies, subsidisation of buildings and equipment).

IN-KIND CONTRIBUTIONS TO ACE ORGANISATIONS

SOURCE	CONTRIBUTION
Commonwealth, State and Local Governments	• Subsidisation of buildings, equipment • Sector promotion (posters etc) • Sector advocacy (BACE) • Inter-sectoral co-ordination • Policy development • Conferences, training, information • Research • Curriculum development • Brokerage of services • Exemption from rates, taxes and charges
Community Associations (e.g. ECCA, AAACE, CAECA, WEA)	• Use of community facilities • Subsidised/voluntary teaching • Voluntary administration • Donation of equipment/materials • Voluntary cleaning/maintenance • Subsidised conferences • Subsidised training • Lobbying • Industrial advice • Development of curricula

Table 4

It would be possible to quantify the financial value of most of these contributions by identifying the market price of the particular resource or service and the difference between market price and the subsidy indicated. . However, it is not necessary to do so.

Given the number and range of the contributions, it can be assumed that the total financial value of these contributions would be considerable. If the contributions were withdrawn or reduced, it is likely that many providers would have difficulty in meeting the full costs of these services and resources.

[illegible] outlays

As indicated earlier, the costs incurred by a provider in delivering VET can be identified by the outlays that the provider makes, bearing in mind that some costs may be hidden or omitted and others, particularly capital costs, may be overstated or understated.

In consultations, providers were asked about the nature of their financial outlays. No attempt was made to quantify expenditure, or to identify those purposes to which more resources are allocated than others. The items reported have been classified below according to the AVETMISS Resources Module (September 1994), with some minor modifications. This divides them into two major categories: allocations for Capital Development Expenses and allocations for Operating Expenses. Within each of these are a number of sub-categories.

Capital developments: the outlays made by providers to acquire, maintain and equip capital facilities; these include major and minor building works, maintenance, furniture and equipment, site acquisition, and the leasing of facilities.

Operating expenses: the outlays that a provider makes to support its normal range of activities and functions; many of the expenses recur on a regular basis. In some cases the outlays are made to meet requirements imposed by an external body, such as the costs of insurance, accreditation and registration.

Operating expenses include staffing expenses. Most providers have several different types of staff: teaching, administration and other support; permanent, temporary and casual; full-time and part-time; paid and unpaid. These categories all affect the level of the outlay, but the differences between them are not reflected in categories of outlays except that funds allocated for the support of voluntary staff do not include salaries or superannuation, worker's compensation, and other similar 'on-costs' that are additional to the salaries of paid staff.

Some providers indicated that outlays were made to meet expenses associated with encouraging staff to stay, or to remain available for work. In general, they were incurred in providing a more comfortable and congenial working environment. Outlays for this purpose have been listed under other headings.

Other outlays: Providers indicated that some outlays could not be classified either as capital or operating expenses. These were payments for interest on debt, investments and allocations to build reserve funds.

The classification of outlays in Table 5 is only one of a number of possible categorisations. Depending on the particular context, and the emphasis required, a different approach might be appropriate. For instance, rather than capital and operating expenses, the outlays indicated could be divided into direct delivery and infrastructure expenses. This would be useful if the aim was to calculate the average direct delivery cost per enrolment, or to compare how much different providers allocate for infrastructure.

Alternatively, the outlays could be classified according to function, such as teaching, administration, student support, and so on. This would be useful in estimating the costs of these particular functions. However, care should be taken in such reclassifications to eliminate double-counting of outlays, and to ensure that capital costs are not overlooked.

A number of factors influence the proportion of its total income that a provider outlays for a particular item or purpose.

- The ability of a provider to allocate financial resources freely may be affected by external decisions, such as government-imposed requirements. (Several ACE providers spoke of the costs associated with complying with the AVETMIS standard)

- Allocation decisions are affected by internal policy decisions, such as when a provider chooses to take on a special role in providing for the learning needs of people with disabilities which entails additional outlays in providing special staff, facilities or customised programs; or where a provider chooses to allocate a larger proportion of

CLASSIFICATION OF OUTLAYS: ACE PROVIDERS

CAPITAL	OPERATING EXPENSES	
Buildings Construction, refurbishment or purchase	*Salaries* Salaries plus allowances for leave loading, long-service leave	*Travel and Transportation* Travel to conferences, meetings, training and other sites
	Salary related costs Superannuation, workers' compensation, induction, professional development and training, conference fees	*Rent/Leasing* Rent/lease of buildings or equipment Repairs and maintenance of rented/leased assets
Furniture and Equipment Classroom and office furniture and equipment including computers, software and cars	*Communication* Phone, fax, postage, couriers	*Other expenses* • Marketing and promotion of courses and activities e.g. advertising, printing • Insurance • Bank charges • Water rates • Contracted services • Catering facilities • Curriculum materials and information needs
	Consumables Stationery, art and craft supplies	
	Depreciation Allowance for declining value of materials and equipment	
	Energy Gas, electricity	
	Equipment Purchase of minor equipment	*Other* • Interest on debt • Reserves • Investment
Maintenance of capital assets	*Fees and charges* • Consultants fees • Accreditation and registration fees • Legal advice • Membership fees	

Table 5

its budget to marketing and promotion.

- Current allocation decisions depend on decisions made in previous years, because these decisions have determined the resources a provider already has and those it does not have. For instance, a provider which already owns a building can allocate more funds to a library than one planning to purchase a building or a provider which has already built disabled access ramps may be able to spend more on improving its store of curriculum materials.

Because financial resources are limited, their use for one purpose means they become unavailable for another. Their allocation to particular purposes is thus ideally underpinned by a focus on maximising the benefits that can be obtained – the value for dollar. This involves careful examination of different allocation options and the benefits likely to flow from each.

Chapter Four

the finances of ACE organisations

This chapter analyses the income and expenditure of ACE organisations in New South Wales. The analysis was based on information extracted from the 1995 audited statements of account of 59 ACE organisations which responded to a request for this information.

The approach was to develop a number of activity, income and expenditure indicators and use these to make comparisons among providers regarding the costs of running their organisation and delivering their educational services.

The procedure and its limitations

All 74 main providers were asked to supply their 1995 audited statements of account by letter (Appendix A). While the accounts were available as public documents, it was felt to be ethically appropriate to formally invite providers to participate in the research and to inform them that they would not be disadvantaged if they declined to participate. Follow-up calls were made to maximise the response.

Fifty-nine main providers responded to the request, two being excluded due to lateness or incompleteness of information. Two regional councils of adult education also responded but they are not included in the main analysis. Most of those not responding (seven) were among the smallest organisations but non-responders also included three of the largest providers, one of the medium to large and five of the medium to small. The information obtained is therefore reasonably complete in representing all types and locations of ACE organisations except the regional councils.

The analysis of income and expenses is based on comparisons between organisations of different size and different scope and level of activity. The income able to be generated by providers is highly dependent on their size, both in total enrolments and student contact hours, and on their location, including the affluence and size of their 'catchment' population. All 74 main providers were grouped into four quartiles according to the amount of their 1995 activity as measured in annual student contact hours and the 'rank' of a provider refers to its place in this ordering by size of activity. Providers are always grouped by quartile in this way in order to facilitate comparisons. Non-responding organisations are not shown in tables and figures.

The procedure had a number of steps:

- The collection of accounts from providers, and telephone conversations and interviews with some principals and coordinators;
- The development of a database of enrolment, income and expenditure data, from which summaries and tables were produced;
- The development of a number of activity, income and expenditure indicators in order to make comparisons among providers regarding the costs of running their organisation and delivering services;
- The development of spreadsheets for analysis and graphical representation of the data in the report;
- Feedback of information generated to those providers who responded, to give them an opportunity to check the information and comment on the indices.

The tables on which this chapter is based appear in Appendix B of the report.

There are limitations to the analysis due to the kind of information used. Any such analysis is an interpretive process, where the indicative data is used to depict the financial complexities of ACE organisations. 'Comparisons are odious', Disraeli remarked, and inevitably, something is lost in a comparative method that uses such indicators. Apart from this, there are some other constraints which need to be noted.

- The quality of the analysis is subject to the quality of the accounts on which it is based. The reporting of information by organisations varied widely in its clarity and detail.

- Some indicators, for example the activity indicators, are based on Board enrolment and funding data which are available for all providers. The main gaps created by providers' non-response are in the areas of fee and other non-grant income and their expenditure.

- Board and providers' figures for funding received for the year 1995 do not always agree, since providers sometimes include funds due for other years. In all cases, the Board's 'provider funding history' was used as the reference for BACE grants for the year 1995.

- A greater problem for the analysis occurs with the reporting of expenses, which is either vague or, in the case of special programs, not broken down beyond total salary and total non-salary items if they are specified at all. This affects the accuracy of the expenditure indicators.

- The year 1995 was in some respects an atypical year, in that the Board dispersed funds to support the implementation of AVETMISS and increased its main provider funding. This year also saw Commonwealth funding reach its highest level so far. The extent to which this funding has overshadowed other sources of income for some large providers is apparent in the indicators.

As noted above, the approach is basically a comparative one, developing a number of activity, income and expenditure indicators and examining the profiles of groups of providers. Four types of indicators were developed. These are summarised in Table 6.

Income indicators refer to ways of depicting the revenues of ACE organisations. All providers receive main provider funding, and all generate some income from student fees and other sources including, for example, bank interest. However, providers differ in the extent to which they are dependent on the main provider grant, the extent to which they gain funding from other government sources such as DEETYA programs, and the amount of fee income they generate.

Expenditure indicators refer to the different kinds of costs involved in delivering services. The costs of administration versus the costs of course delivery can be estimated. Expenditure can also be classified in four cost categories: the proportion of all expenditure which goes on salaries and wages, including on-costs; the proportion expended on materials and equipment, including course materials and office equipment; the proportion spent on facilities including the rental of venues and office space; and the residual. Information about expenditure is more problematic than information about income, since a few organisations provide very little public detail about their expenses.

Activity indicators refer to size, growth and the extent of diversification of an organisation's adult education activity. 'Size' refers to the amount of activity of an organisation, based on 1995 student contact hours. Growth is measured as average annual growth from 1991 to 1995. An index of the extent to which course offerings are diversified is the proportion of enrolments (or hours) which are general or 'community' courses, that is, other than programs specially funded to target given clients. Finally, an indicator such as hours per enrolment can estimate average course duration.

Activity cost indicators are derived from income and activity information. These refer, for example, to the effective subsidy cost of student enrolments, for example how much the Board main provider grant contributes to the funding of a general student contact hour or an enrolment. Another example is the average general fee of a provider, calculated from its fee income and its general program annual student contact hours.

The income of ACE organisations

Chapter Two outlined some of the broad trends in the government funding of adult and community education in NSW over the last five years. Information collected from ACE organisations allows conclusions to be drawn about the other sources of income. These are chiefly income from student fees and other sources, and the funding of programs by other authorities not administered by the Board.

SUMMARY OF INDICATORS

INCOME INDICATORS

Data: Main provider grant; total BACE grants including BVET literacy and ACE VET program; total grants, all sources; total fees and other non-grant income. All data for the year 1995.

Main Grant/Total Income	Main provider grant as a % of total income (MPG)
All BACE/Total Income	All Board grants as % of total income (ABF)
Non-BACE/Total Income	Other grants not administered by the Board (OGF)
Fees and Other/Total Income	All non-grant income as % total income (FOI)
All Board/All Grant	All Board grants as % all grants (BAG)

EXPENDITURE INDICATORS

Data: Expenditure on: administrative costs versus course delivery; on salaries and wages; advertising and promotion; materials and equipment; facilities, including rental and leasing; and other expenses.

Salary Costs %	Salary and wages as a proportion of all costs (%)
Promotion Costs %	Promotion and advertising as a proportion of all costs (%)
Equipment Costs %	Materials and equipment as am proportion of all costs (%)
Facility Costs %	Facilities, including rent, as a proportion of all costs (%)
Other Costs %	Other expenses as a proportion of all costs (%)
Administration Costs	Proportion of costs due to administration as opposed to course delivery costs (calculated as either stated or derived administration costs)

ACTIVITY INDICATORS

Data: Enrolments in general and other courses, 1991-1995; annual student contact hours, 1991-1995

Provider Size Rank	Rank of provider by total number of 1995 student contact hours (Rank)
Average Annual Growth	Average annual enrolment growth from 1991-1995 (AVG)
General Course Hours	General course hours, including ACE VET, as a proportion of all student contact hours 1995 (%) (GEE)
General Course Enrolments	General course enrolments, including ACE VET, as a proportion of all 1995 enrolments (GEN)
Hours Per Enrolment	The average number of annual student contact hours per enrolment (HPE)

ACTIVITY COST INDICATORS

Data: Main provider grant; total BACE grants including BVET literacy and ACE VET program; total grants, all sources; total fees and other non-grant income. Enrolments in general and other courses, 1991-1995; annual student contact hours, 1991-1995.

Subsidy Cost/General SCH	Main grant expended per general contact hour (SCG)
Subsidy Cost/All SCH	Main grant expended per annual contact hour (SCA)
Subsidy Cost/All SCH	All Board grant expended per annual contact hour (SCB)
Average General Fee	The average student fee per general enrolment (AGF)
Gross Expense/Enrolment	Gross expenditure per enrolment (GES)

Table 6

Some broad trends in the gross incomes of providers are depicted in Table 7. The larger the provider, the smaller is the proportion of income coming from the main provider grant and the smaller the proportion coming from Board-funded programs in general. However, this relationship of Board funding to size disappears when all government funding is taken into account. The 'middle half' of providers (medium to large and medium to small) actually gain somewhat more proportionally from other government funding than do the larger providers, a fact which is attributable to the size of the fee incomes generated by the larger providers. And similarly, the smaller providers generally receive two-thirds of their income from government sources of various kinds.

SOURCES OF 1995 INCOME (N=57 PROVIDERS)

		(a) Main provider	(b) All Board	(c) Other govt funding	(d) All govt funding	(e) Fees & other	Total income	Return on the BACE $	Return on the govt $
Large	$'000	1,796	5,031	10,609	15,640	13,072	28,712	4.7	0.8
	%	6.3	17.5	36.9	54.5	45.5			
Medium to Large	$'000	1,384	3,028	2,560	5,587	3,311	8,898	1.9	0.6
	%	15.6	34.0	28.8	62.8	37.2			
Medium to Small	$'000	501	786	172	959	743	1,702	1.2	0.8
	%	29.4	46.2	10.1	56.3	43.7			
Small	$'000	153	253	3	256	127	383	0.5	0.5
	%	40.0	66.1	0.7	66.8	33.2			
Total	$'000	3,834	9,098	13,343	22,441	17,253	39,694	3.4	0.8
	%	9.7	22.9	33.6	56.5	43.5			

Note: The percentages in columns (b), (c), and (e) aggregate to 100, since (a) is included in (b) and (b) and (c) are included in (d)

Table 7

Nevertheless, these figures hide quite marked variations in their 'income profiles' among providers of similar size, and there are strict limitations that need to be placed on generalising from size to the nature of providers' incomes. These important variations in profile are further discussed below. Table 7 also provides some information about the economic size of the sector. The 57 providers included in this study represent some 4.5 million student contact hours of the total of 5.4 million delivered by providers in 1995, or about 85 per cent. The total income generated by the 57 providers responding is nearly $40 million. Thus a reasonable estimate of the income generated by all 74 main providers (excluding the regional councils) would be between $45 million and $50 million in 1995. To place this economic value in perspective, it is about five per cent of the annual budget of the NSW TAFE Commission and about half of the annual budget of the Sydney Institute of Technology.

Some three quarters of the total income of the sector (about $30 million) was generated by the largest providers, and about one per cent by the smallest providers (about $0.5 million). Tempering this estimate is the consideration that Commonwealth funding through DEETYA reached its high point in that year and the net income of the sector from all sources in future years is likely to be significantly lower than estimated.

One way to express the direct economic value of the activity of the main providers is to talk in terms of the 'return on the government funding dollar' which they generate. Thus, for every dollar the Board of Adult and Community Education distributes to main providers, their activity generates another three to four dollars (a factor of 3.7). However, it is dramatically clear that this 'return on the BACE dollar' is almost all due to the largest providers, who generate nearly five dollars from other sources for every dollar BACE subsidises them. The medium to large providers generate two dollars for each 'BACE dollar' and the smaller providers significantly less, between a dollar and fifty cents.

Why this should be so will be further discussed in this section of the report.

This table also shows a measure called the 'return on all government funding'. This shows much less variation across the size range of the organisations than the 'return on the BACE dollar'. For a government funding dollar from any source, providers generate between 50 and 80 cents. The smaller providers do almost as well as the larger, in this respect. One explanation for this lower return on the government dollar is that non-BACE government funding is the biggest component of income earned from sources outside BACE. It is bigger than all income earned from fees, which in larger providers can be very large. Thus, Commonwealth funds have boosted the incomes of providers over and above what they might earn from fees for students. For the smaller providers, 'all government funding' generally means 'all Board funding'.

The discussion below of income profiles examines some of the important variations to such generalisations about provider size and income.

Income indicators

In the following section each of the indicators is described and the main trends summarised. The average and median values are given together with the range of values. The median value, as distinct from the average is the 'midpoint' value, or the value which stands in the centre of the range of 74 values. Appendix B sets out by provider the information on which this analysis is based.

(a) Main Provider Grant

The main provider grant as a proportion of total income (MPG) is an indicator that reflects the degree of financial dependence of providers on main funding by the Board. It can be said to reflect the degree of 'Board subsidy' of adult education.
Generally, for large providers the MPG is a small part of the overall income, and for the smallest providers, a large part. The (inverse) correlation between size and MPG is very high, at -0.84. The larger the provider, the smaller the percentage of total 1995 income the MPG represents.

Range: 2.6% - 73.6%
Average: 23%
Median: 21.5%

The indicator is highest in small providers for a combination of reasons: they are too small to generate much fee income and limited by a small catchment area that may also be poor; they lack the resources to compete for special program funding even if they wished to do so and they usually have no income-generating assets.

(b) All Board funding

A second indicator is all Board funding as proportion of total income (ABF). All Board funding includes all funds administered by the Board irrespective of their source and includes the State literacy, equity, equipment and 'one-off' grants, as well as BVET Literacy and the ACE VET programs. This indicator shows once more to what extent a given provider is dependent on program funding by the Board, rather than funding from other sources such as Commonwealth tenders or student fees. The higher the percentage, the greater the dependence on Board-administered funds.

Again, for larger providers all Board funding (ABF) is a small part of their overall income, and for the smallest providers, a large part. The (inverse) correlation between size and ABF is again high, at -0.74. The larger the provider, the smaller the percentage all Board funding represents in total 1995 income.

Range: 4.9% - 88.9%
Average: 40.9%
Median: 40.0%

There are some notable exceptions to this trend, because some large providers have concentrated on winning large amounts of literacy and VET program funding, and declined to compete for Commonwealth funds. Hence they are high on the 'all Board funding' indicator. Similarly, some small providers have significantly increased their income through participating in the ACE VET and other special programs. These patterns are discussed below under 'Income Profiles'.

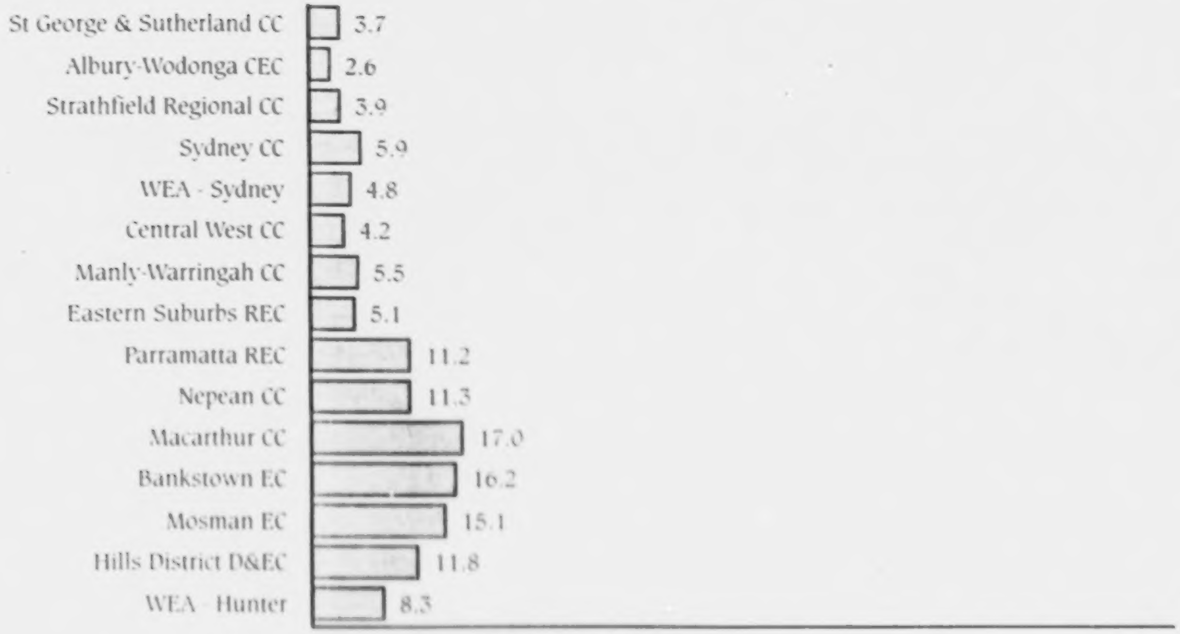
(c) Other government funding

A third indicator is 'other government funding' (OGF), the proportion of income derived from government sources not administered by BACE, including Commonwealth sources such as DEETYA labour market programs (LEAP, Jobskills or JobClub), from other State Government programs (such as HELP, the early leavers program) and from local government.

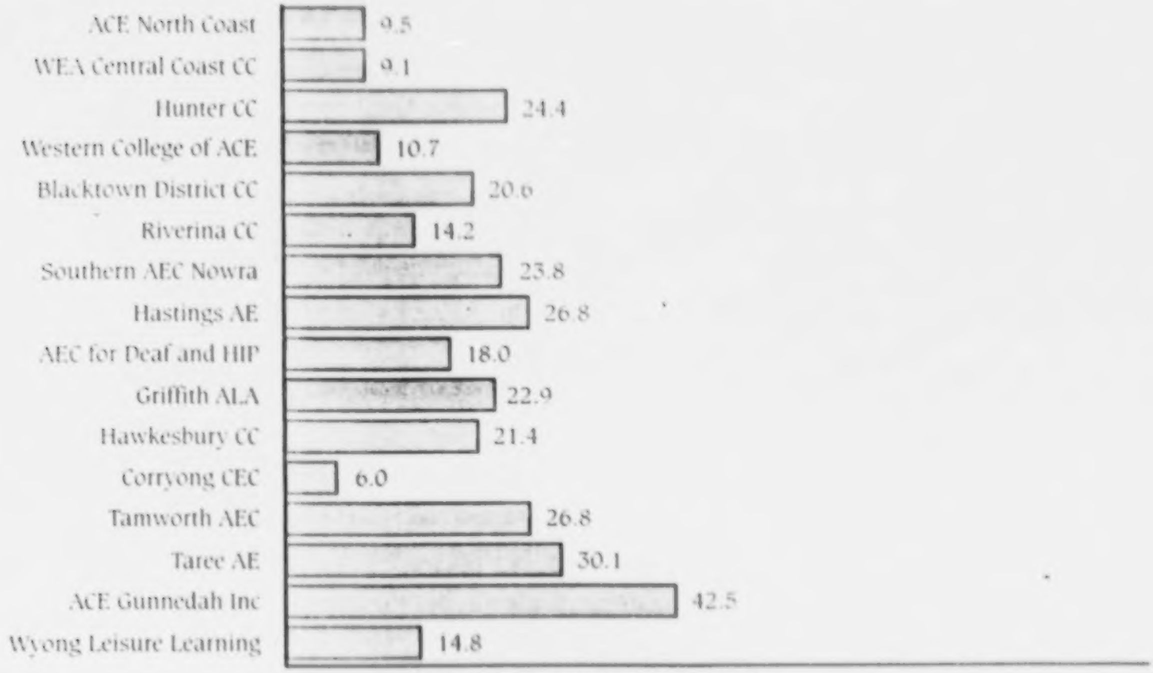
This indicator provides some measure of the diversification of funding of ACE organisations. Commonwealth programs, for example the Landcare Environment Action Program, are relatively well-funded and therefore this funding can make a substantial impact on a providers' overall income, and this will show up in the indicator.

The average value of this indicator is quite low at about 14 per cent of income. The median (0.5%)

MAIN PROVIDER GRANT AS % OF TOTAL INCOME

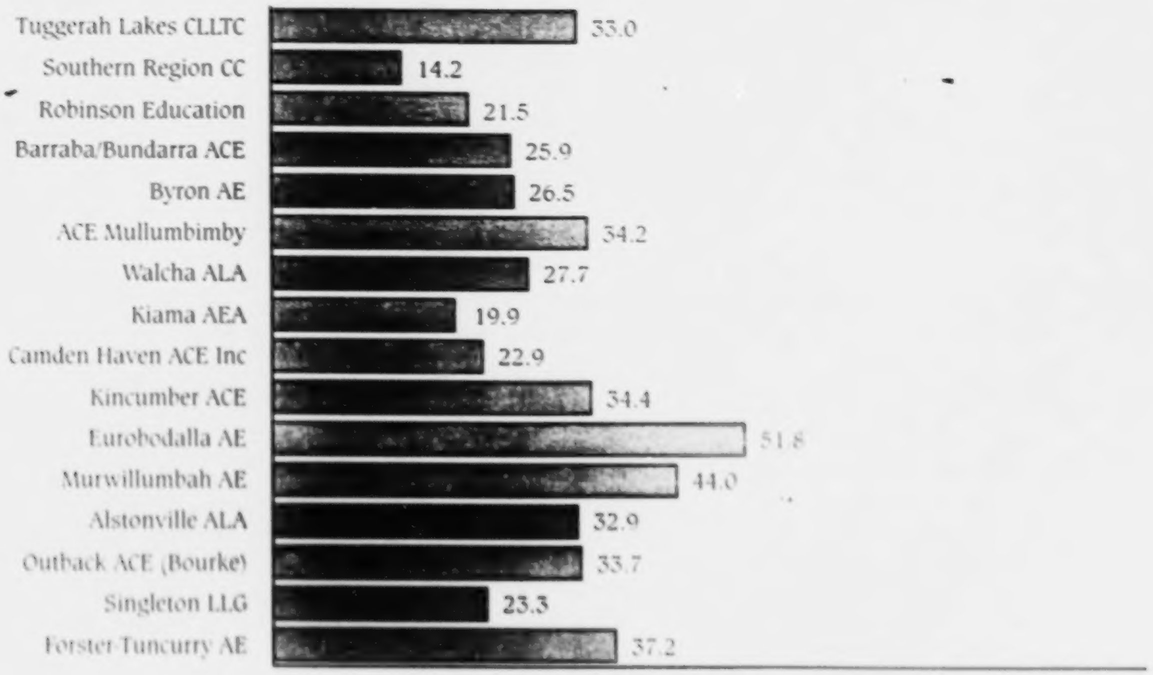


LARGEST PROVIDERS

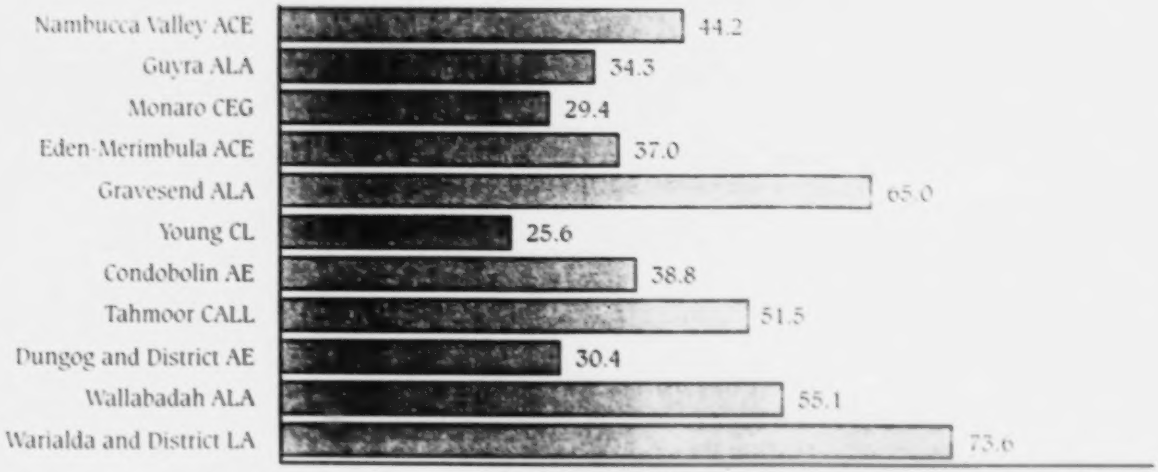


MEDIUM TO LARGE PROVIDERS

MAIN PROVIDER GRANT AS % OF TOTAL INCOME



SMALL TO MEDIUM PROVIDERS



SMALL PROVIDERS

Figure 1

Providers are grouped in quartiles according to size by total student contact hours 1995. Providers who did not respond are not represented. Each quartile has some 18 providers. Only those responding appear here, so the groups differ in number. Providers are ranked by size in every table and figure to allow ready comparison. The smallest providers are not as well represented as the largest (first and second quartiles). Warialda is the fourth smallest ACE provider, with nearly 74% of its income from main provider funding.

shows that the great majority of providers have zero income from this source, although for a few large providers the percentage is very high; no more than a dozen providers derive more than 33 per cent of their income from OGF.

Range: 0 - 79.7%
Average: 14.7%
Median: 0.5%

(d) Fee and other income

A fourth indicator therefore refers to income generated from student fees and other sources (FOI). Other sources include sales of other goods and services, including consultancy and customised training, rental income and bank interest. By far the largest component of 'fee and other income' is student fees.

This indicator therefore provides some measure of the extent to which a provider's activity is funded through the charging of fees. On average, nearly half (45%) of providers' incomes are self-generated, though the range of values around this figure is surprisingly large and by no means linked to the size of enrolments.

Range: 0 - 91.9%
Average: 45.2%
Median: 44.4%

The three indicators ABF, OGF and FOI taken together amount to the whole (100%) of the income of the provider. So where a provider receives large Commonwealth grants, the other indicators will be lower, and where the Board supplies the only grant income, fees are likely to make up a higher proportion of income. Thus WEA Sydney generated some $2.3 million in income in 1995, 90 per cent of which was from fees, whereas Central West Community College, which has a similar level of activity, generated $4.3 million of which a mere nine per cent came from student fees.

Nor is this kind of variation confined to the larger providers who appear to have more scope for diversification. Although fees generally make up between 40 per cent and 60 per cent of the income of the smaller providers, there is still considerable variation.

(e) Board as a proportion of all government funding

A final indicator refers to all Board funding as a proportion of all government grants received - that is, of all government funding received from any source (Board funding as a proportion of all grant income, BAG).

This indicator usefully shows the extent to which the government funding of a provider is derived from the Board as opposed to other government sources. It refers only to that part of a provider's income that comes from government sources. Thus, where the indicator is high, say 100 per cent, the Board's program funding is the only funding received from government. Where it is low, say five per cent, the Board's funding is an insignificant part of the overall government funding received by the provider.

This indicator therefore provides some measure of the extent to which a provider's government funding is diversified beyond the Board. The median value is almost 100 per cent, showing that most providers receive the vast majority of their government funds from the Board, and the average value of 77 per cent reflects the fact that relatively few providers fall outside this category. About a dozen providers had a BAG value significantly less than 50 per cent; only one of these was a smaller provider.

Thus a reasonable conclusion is that smaller providers almost uniformly derive their government funding from Board sources and nowhere else, whereas larger providers vary greatly in this respect.

Range: 5.8% - 100%
Average: 77.5%
Median: 98.9%

The five indicators outlined above relate to each other in various ways and taken together can provide an 'income profile' of a provider. Some trends that emerge are described in this section, taking in turn each of the four groups of providers by size.

The *largest providers* (or first quartile), most of whom responded to the research, generally have the smallest dependence on the Board main provider grant (MPG) (Table 8). With decreasing size and overall income, the Board main provider grant becomes increasingly significant as a proportion of income, though in all cases this is less than 20 per cent.

INCOME PROFILES OF ACE ORGANISATIONS

LARGE PROVIDERS	RANK	INCOME $'000	MPG %	ABF %	OGF %	FOI %	BAG %
St George & Sutherland CC	1	2976.5	3.7	12.7	34.1	53.2	27.1
Albury-Wodonga CEC	2	2721.5	2.6	4.9	79.3	15.9	5.8
Strathfield Regional CC	3	2918.0	3.9	11.9	60.5	27.6	16.4
Sydney CC	5	1872.2	5.9	41.0	0.0	59.0	100.0
WEA - Sydney	6	2300.4	4.8	8.1	0.0	91.9	100.0
Central West CC	7	4285.2	4.2	11.3	79.7	9.0	12.4
Manly-Warringah CC	8	1962.9	5.5	13.6	41.8	44.6	24.5
Eastern Suburbs REC	9	2166.1	5.1	13.9	24.2	61.9	36.6
Parramatta REC	10	1140.0	11.2	30.4	15.6	54.1	66.1
Nepean CC	13	999.1	11.3	32.7	0.0	67.3	100.0
Macarthur CC	14	891.4	17.0	30.1	3.8	66.1	88.8
Bankstown EC	15	885.3	16.2	36.5	5.6	57.9	86.8
Mosman EC	16	719.6	15.1	18.3	0.0	81.7	100.0
Hills District D&EC	17	922.9	11.8	20.7	0.0	79.3	100.0
WEA - Hunter	18	1588.6	8.3	13.7	40.9	45.4	25.1

Table 8a

Providers differed widely in how large a component all Board funding (ABF) made up of their 1995 income. Sydney Community College is exceptional, with about 40 per cent from this source. For Parramatta, Nepean, Macarthur and Bankstown colleges, the proportion is high, at about one third of their income, but for more than half the group it is less than 20 per cent. The percentage for WEA Sydney is low as it earns eleven times the amount it receives from the Board in fees and other income. Mosman Evening College receives virtually all its Board funding through the main provider grant and is 80 per cent reliant on fee income.

The providers vary greatly in the percentage of their income received from government sources other than the Board of ACE (OGF). Central West Community College and Albury-Wodonga Continuing Education Centre, in different ways, receive more than 75 per cent of their income from these sources, Albury-Wodonga having the largest amount of income of any provider from OGF. It makes up a significant proportion of the income of Strathfield (60%), St George and Sutherland (34%), WEA Hunter (41%) and Manly Warringah (42%). Yet other providers have sought little or nothing from this source.

The funding of the larger providers is more diversified than any other group. Because of the variation in sources of funding, the BAG indicator shows that organisations can vary greatly according to whether the Board is the sole source of program funding besides the main provider grant. WEA Sydney and the Sydney, Macarthur, Mosman and The Hills District colleges received no government funding from sources other than the Board in 1995. The funding of other providers is very different, with a BAG index of less that 20 per cent in several cases.

The income profiles of the largest providers, including the large metropolitan providers, are therefore quite varied.

The *medium to large providers* vary quite considerably in their total income. Hunter Community College has about one third of the income of Central Coast Community College for the same amount of student contact hours (Table 8). This reflects the amount of other grant funding received by Central Coast, in effect over and above fees generated. Corryong's atypical profile, with considerable funding from other government grants, is mostly explained by its access to Victorian ACFEB funding.

The extent to which this group of providers accesses all Board funding (BFG) also varies markedly (range 11% to 74%). The majority did not receive funds from non-Board sources in 1995. There appear to be two sub-groups here: a majority which receive almost all their government funding from the Board (see BAG) and a minority which receive less than half of all government funding from the Board because they are

INCOME PROFILES OF ACE ORGANISATIONS

MEDIUM TO LARGE PROVIDERS	RANK	INCOME $'000	MPG %	ABF %	OGF %	FOI %	BAG %
ACE North Coast	20	1738.2	9.5	25.9	52.5	21.6	33.0
Central Coast CC	21	1470.1	9.1	19.6	37.4	43.0	34.4
Hunter CC	22	528.3	24.4	40.8	0.0	59.2	100.0
Western College of ACE	23	1052.7	10.7	35.3	44.9	19.8	44.0
Blacktown District CC	24	497.8	20.6	47.6	4.2	48.2	91.9
Riverina CC	25	901.8	14.2	35.3	36.1	28.5	49.4
Southern AEC Nowra	26	545.0	23.8	38.3	0.0	61.7	100.0
Hastings AE	27	442.7	26.8	46.7	0.4	52.9	99.2
AEC for Deaf and HIP	28	599.0	18.0	35.3	28.2	36.5	55.6
Griffith ALA	29	153.1	22.9	54.3	10.1	35.6	84.3
Hawkesbury CC	30	305.9	21.4	41.6	0.0	58.4	100.0
Corryong CEC	31	160.4	6.0	11.3	59.5	29.2	15.9
Tamworth AEC	32	230.7	26.8	47.3	0.6	52.1	98.7
Taree AE	33	227.3	30.1	50.3	4.8	45.0	91.4
ACE Gunnedah Inc	34	82.4	42.5	74.2	0.0	25.8	100.0
Wyong Leisure Learning	36	115.4	14.8	77.5	0.0	22.5	100.0

Table 8b

INCOME PROFILES OF ACE ORGANISATIONS

SMALL TO MEDIUM PROVIDERS	RANK	INCOME $'000	MPG %	ABF %	OGF %	FOI %	BAG %
Tuggerah Lakes CLLTC	37	155.1	33.0	49.6	9.7	40.7	83.7
Southern Region CC	38	179.2	14.2	24.8	47.2	28.0	34.4
Robinson Education	39	141.2	21.5	39.2	4.6	56.2	89.5
Barraba/Bundarra ACE	40	128.4	25.9	82.6	0.0	17.4	100.0
Byron Bay AE	41	101.7	26.5	39.2	0.0	60.8	100.0
ACE Mullumbimby	42	108.5	34.2	42.0	0.0	58.0	100.0
Walcha ALA	43	61.1	27.7	63.7	0.0	36.3	100.0
Kiama AEA	44	125.6	19.9	45.8	0.0	54.2	100.0
Camden Haven ACE	45	71.3	22.9	25.1	29.3	45.6	46.1
Kincumber ACE	46	75.1	34.4	43.4	0.0	56.6	100.0
Eurobodalla AE	47	103.7	51.8	62.6	0.0	37.4	100.0
Murwillumbah AE	48	114.0	44.0	52.8	0.0	47.2	100.0
Alstonville ALA	50	107.3	32.9	52.7	0.0	47.3	100.0
Outback ACE (Bourke)	52	89.7	33.7	37.7	38.7	23.6	49.3
Singleton LLG	53	65.8	23.3	29.6	9.7	60.6	75.3
Forster-Tuncurry AE	55	74.2	37.2	48.7	5.7	45.7	89.6

Table 8c

gaining such funds elsewhere.

The range of dependence on fee income (FOI) is also remarkable. Hunter Community College relies completely on Board funding (40% of total income) and fees (60%). Hastings, Taree and Griffith Centres are among the largest CAECs and rely on fees for about half their income. In contrast, Board funding for two other fast-growing CAECs - Wyong and ACE Gunnedah - is three times the amount they receive from fees, due largely to their substantial provision of ACE VET and other programs. Other providers, like

INCOME PROFILES OF ACE ORGANISATIONS

SMALL PROVIDERS	RANK	INCOME $'000	MPG %	ABF %	OGF %	FOI %	BAG %
Nambucca Valley ACE	57	42.5	44.2	53.9	0.0	46.1	100.0
Guyra ALA	58	40.8	34.3	63.7	0.0	36.3	100.0
Monaro CEG	59	54.7	29.4	55.2	0.0	44.8	100.0
Eden-Merimbula ACE	60	45.4	37.0	61.2	1.8	37.0	97.2
Gravesend ALA	61	24.3	65.0	81.5	0.0	18.5	100.0
Young CL	62	57.4	25.6	71.1	0.0	28.9	100.0
Condobolin AE	63	40.0	38.8	71.8	0.0	28.3	100.0
Tahmoor CALL	64	23.5	51.5	64.7	0.0	35.3	100.0
Dungog and District AE	65	47.3	30.4	69.3	3.8	26.8	94.8
Wallabadah ALA	69	22.5	55.1	71.1	0.0	28.9	100.0
Warialda and District LA	70	24.2	73.6	88.8	0.0	11.2	100.0

Table 8d

Western College of ACE and Riverina Community College, also receive less than a third of their income from fees, for different reasons.

One conclusion is that the varying income profiles of this group are not so much a function of their size (activity), but are influenced by other factors including their decisions about the kinds of programs they deliver and economic constraints in their communities.

The *small to medium providers*, though mostly not heavily reliant on the main provider funding (MPG), do not gain much other government funding (OGF). The main source of funds besides the main provider grant is the Board's program funding (ABF). Consequently most have a BAG indicator of 100 per cent and in this respect are more like the smaller than the larger providers where funding sources are more diversified. The clear exception is Southern Region Community College which derives 47 per cent of its income from other government sources and only a third from the Board.

It is once again remarkable that there is a considerable variation in the income profiles of providers of similar levels of activity. For example, Barraba and Byron Bay CAECs differ radically in the importance of fee income, as do Walcha and Kiama: the coastal CAECs earn about $60,000 in fees while the corresponding figure for the rural centres is about $20,000. In general, the fee component ranges from 17 per cent to 60 per cent of total income. Clearly factors are at work which influence the amount of provider income generated by fees.

The *smallest providers* in general are more homogenous than those in the other three quartiles. The range of their income is smaller and they are more dependent on total Board funding (ABF) than the larger organisations, since few have any significant income from other government sources (OGF) and their fee income (FOI) is usually less than half their total earnings.

It is true that these providers are less dependent on the main provider funding than they are on all Board funding in general. They are uniformly high on this indicator - every provider gains between half and three-quarters of its income from this source, with the smallest organisations almost entirely funded by the Board. The centre at Wallabadah, for example, received nearly 90 per cent of its total income from the Board in 1995. The contrast with the largest providers could not be more pronounced.

However, there are differences in the fee-earning capacity of these small providers and in the proportion which fees contribute to their income. This points again to the importance of looking for factors in the economic situation of providers to explain these differences.

This section raises a number of questions that may need further analysis of activity and expenditure data, and the socio-economic character of the providers' locality and catchment.

In some ways the analysis of expenditures is less meaningful than the analysis of incomes. This is partly because the information provided in the accounts of organisations is not sufficiently full or consistent, making assignment to categories more difficult.

The indicators developed refer to four cost categories: salaries and wages, materials and equipment, facilities (including rental) and residual costs. As previously noted, it is quite common for those providers who run special programs funded by the Commonwealth and the Board, not to provide extensive breakdowns of the costs of running those programs, or at best to give only a figure for salary versus non-salary expenses. At the same time, it is the rule of those organisations to apportion costs, particularly administrative overheads, whether undefined or itemised, to those programs. A few organisations provide very little public detail about their expenses, for commercial reasons.

EXPENDITURES OF ACE ORGANISATIONS BY SIZE (N=57)

		SALARY	PROMO	EQUIPMENT	FACILITIES	OTHER	TOTAL
Large	$'000	14,061	1,590	1,112	1,630	8,411	26,803
	%	52.5	5.9	4.1	6.1	31.4	100.0
Medium to Large	$'000	4,680	592	786	731	1,947	8,736
	%	53.6	6.8	9.0	8.4	22.3	100.0
Medium to Small	$'000	1,021	74	128	161	302	1,687
	%	60.6	4.4	7.6	9.5	17.9	100.0
Small	$'000	219	16	31	43	35	344
	%	63.6	4.7	8.9	12.6	10.1	100.0
Total	$'000	19,981	2,273	2,057	2,565	10,695	37,570
	%	53.2	6.0	5.5	6.8	28.5	100.0

Table 9

Thus the direct costs of ACE organisations are less clear than might be expected. Table 9 shows that the gross amounts paid out for 1995 were in the order of $38 million. As is the case for income, the largest organisations account for nearly $27 million of this expenditure (roughly 70%). The largest half of the providers account for almost all the expenditure.

To this must be added the activities of the nine Regional Councils of Adult and Community Education which, as ACE organisations, disperse at least as much as the smaller providers per year. Since the responding providers account for some 85 per cent of annual student hours, the total expenditure of the 74 main providers can be estimated at close to $45 million.

Over all, Table 9 suggests that the main providers do not differ much in the proportions of total budget going to different types of expenses.

Salary and personnel costs are uniformly about 60 per cent of total expenses, though they are lowest on average in the largest organisations (about 53%). A further analysis of the breakdown between administrative and teaching or course-related salary costs is possible for almost all providers, since it is quite common for even small providers to account for administration separately from course costs. This question is an important one, and is further discussed below.

Promotion, publicity and advertising are crucial costs for ACE organisations which depend in part on the income generated by the courses advertised and promoted in the community. This cost ranges from about five to seven per cent of the average ACE budget, though the slight differences in proportion of budget mask large differences in the quantum of funds spent by organisations.

Equipment and course materials appear to be slightly higher in the smaller providers, but this may well reflect the one-off grant by the Board for the purchase of computers for the AVETMISS collection, which appears as a significant item in the small budgets of CAECs, but a negligible item in the larger community colleges.

Regarding *facilities* and *other expenditure*, apparent differences among providers may be due more to accounting practices than actual cost structures. Proportionally, the small CAECs spend an eighth (12.6%) of their income on rental of office space and venues, whereas the largest colleges spend proportionally rather less (about 7%); in other words, rental and facilities are more of an overhead for the smaller organisation. This generalisation, however, hides some very significant differences within a provider group, and for some the question of access to venues and the costs of access are their most troubling issues. For this reason, further detail on rental costs is provided in a later section.

Finally, the variability of the 'other' category gives some reason for caution using these figures. The extent to which the largest providers have relatively 'other costs' is due more to the accounting vagaries of some large providers than large additional costs that should be classified in this way. The 'other' category is inflated by the special program expenses of those providers whose accounts do not provide a detailed enough breakdown to allocate costs to categories. For example, the entire costs of a LEAP program, which can amount to $0.5 million or more, are not itemised.

Taking this into account, the proportion of personnel, equipment and facility overheads might well be higher than those given, if the 'other costs' had been properly distributed. As they stand, these figures under-estimate these overheads and the expenditures on them in 1995, since much of the funding of special programs run by providers would have been Commonwealth sourced. In this sense, the lack of information about the spending of 'other government funding' can be said to distort the picture of overheads for programs and the operation of ACE organisations as a whole. Appendix C gives the expenditure profiles of the four groups of organisations.

Administrative versus course costs

The question of the costs of providers in delivering courses is often framed by providers and provider organisations in terms of the administrative costs involved in 'opening the door' as opposed to the variable costs of delivering courses. This question has already been mentioned in Chapter Two. The providers' accounts were examined to see whether a simple index of 'administrative costs' could be developed from the accounts supplied.

It appears that, as far as their public accounts are concerned, a minority of organisations present their operations in these terms. A moot question is whether the providers themselves do in practice calculate the administrative costs of their operations. There are some notable examples of large and small organisations which do so, but the majority set expenditure against income without differentiating the 'course' and 'administration' components.

Among the 57 responding providers, 19 explicitly account for 'administration costs' as opposed to 'course costs'. Sometimes this is because the provider has organised its services on a program basis, or has adopted the practice of treating programs as different cost centres, which are then required to contribute to the costs of general administration. These *stated administrative costs*, calculated as a percentage of total expenditure, can be taken as an indicator of infrastructure costs, and the 'base' from which courses are delivered. Unfortunately, it is only possible to give this index for those providers who state their administration costs in this way. Table 10 shows these 19 cases.

An alternative is to derive an index of administrative costs by summing the expenditures which appear to be of this kind. This index is possible because of the way information was entered in the project database. For example, most accounts state the amounts going to administrative salaries as well as tutor salaries and wages, because they are the largest components of expenditure.

The term *derived administrative costs* therefore refers to the sum of such personnel costs, rental, depreciation, insurance, vehicle and travel costs, repair, cleaning and maintenance, office costs, printing, postage and telecommunications and so on. Because 'rental' and equipment items include some component of course costs, this index over-estimates the costs of administration. However, sundry expenses, which may be more administrative in nature, were not included, because they often include large 'abnormals'.

Table 10 shows both stated and derived administrative costs for 19 providers spread across the size range. The two indicators are highly congruent (Pearson rank correlation of 0.76), giving some confidence in the derived measure. The Pearson rank correlation between the derived administrative

STATED AND DERIVED ADMINISTRATIVE COSTS (N = 19 PROVIDERS*)

	RANK	ADMINISTRATION COSTS STATED $'000	ADMINISTRATION COSTS DERIVED $'000	TOTAL EXPENDITURE $'000	AS % OF EXPENDITURE STATED SAC	AS % OF EXPENDITURE DERIVED DAC
Tahmoor CALL	64	12.4	7.7	19.6	63.3	39.3
Murwillumbah AE	48	62.0	57.0	104.0	59.6	54.8
Alstonville ALA	50	51.3	45.1	86.2	59.5	52.3
Eurobodalla AE	47	49.5	47.9	85.9	57.6	55.8
Corryong CEC	31	76.7	86.7	153.6	49.9	56.4
Tuggerah Lakes CLLTC	37	71.3	75.1	145.1	49.1	51.8
ACE Mullumbimby	42	47.0	45.0	98.9	47.5	45.5
Dungog and District AE	65	17.1	20.4	37.0	46.2	55.1
Guyra ALA	58	19.1	18.3	42.6	44.8	43.0
Kiama AEA	44	46.3	44.7	110.8	41.8	40.3
Byron Bay AE	41	33.4-	32.4	85.9	38.9	37.7
Barraba/Bundarra ACE	40	40.1	65.7	116.5	34.4	56.4
WEA - Hunter	18	478.0	538.1	1454.2	32.9	37.0
Parramatta REC	10	360.7	404.3	1113.5	32.4	36.3
Central West CC	7	1019.7	1040.4	4317.4	23.6	24.1
Eastern Suburbs REC	9	432.0	396.3	1883.0	22.9	21.0
Griffith ALA	29	20.0	46.3	98.7	20.3	46.9
Albury Wodonga CEC	2	447.0	319.8	2807.7	15.9	11.4
Strathfield Regional CC	3	466.6	449.5	3109.1	15.0	14.5
Western College of ACE	23	118.5	279.7	1127.0	10.5	24.8

* *Providers are listed in order of stated administrative costs*

Table 10

DERIVED ADMINISTRATIVE COSTS AS A PERCENTAGE OF INCOME (N=87 PROVIDERS)

	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
Large Providers	27.6	25.0	11.4	47.4
Medium to Large Providers	37.3	41.0	13.9	56.4
Medium to Small Providers	45.9	45.5	12.7	75.1
Small Providers	52.1	49.7	28.2	82.5

Table 11

costs (DAC) and the activity of providers is -0.47, giving some credence to the view that the greater the activity (and size) of the organisation, the lower are its administrative costs.

This inverse relationship between size/activity and administrative costs is further supported by the average and median values of derived administrative costs (as a percentage of income) and its range of values for each of the provider groups (Table 11). It is very clear that the burden of administrative costs (as a percentage of income) rises with decreasing size of the ACE organisation. There are evidently economies of scale in large organisations.

The cost of renting office space and venues is related to the issue of access to school premises, and makes the question of the costs of facilities a notable one. Table 12 shows those organisations which are spending a relatively high proportion of their income (10% and above) on facilities, including both building purchase and rental.

Inspection shows that the biggest organisations are

ORGANISATIONS WITH HIGH FACILITY COSTS*

	RANK	TOTAL INCOME	COST OF FACILITIES	AS % OF INCOME
Eurobodalla AE	47	103.7	19.8	19.1
Robinson Education	39	141.2	24.9	17.6
Wyong Leisure Learning	36	115.4	19.0	16.5
Taree AE	33	227.3	33.5	14.7
Wallabadah ALA	69	22.5	3.3	14.7
Dungog and District AE	65	47.3	6.8	14.4
Hawkesbury CC	30	305.9	43.8	14.3
Alstonville ALA	50	107.3	14.7	13.7
Eden-Merimbula ACE	60	45.4	5.7	12.6
Southern AEC Nowra	26	545.0	67.8	12.4
Young CL	62	57.4	7.1	12.4
Walcha ALA	43	61.1	7.0	11.5
WEA - Sydney	6	2300.4	250.5	10.9
Gravesend ALA	61	24.3	2.6	10.7
WEA - Hunter	18	1588.6	167.5	10.5
Murwillumbah AE	48	114.0	11.7	10.3
Guyra ALA	58	40.8	4.1	10.0

* *Providers are listed in order of rental costs as a percentage of their income*

Table 12

poorly represented. Appendix B provides a full list of providers by size grouping, which confirms this interpretation, but also shows considerable variation among the smaller providers in the relative size of their rent bills. This may have something to do with the relative cost of facilities in different areas and the extent to which 'the community' can contribute to the accommodation of a small provider.

Activity and its costs

The discussion so far has highlighted the size and the activity of providers. Some comment is therefore needed on the relationship between the nature of providers' income and expenditure and their activity. Several indicators were developed to assist in this analysis.

One set of indicators refers to the growth and diversity of organisations.

- *Average annual growth* (AVG) refers to the yearly percentage growth in enrolments for the years 1991 to 1995 averaged. This index evens out year to year fluctuations, which may be great, to give a fair estimate of growth over the period.
- *General enrolments as a proportion of all enrolments* (GEE) provides a simple measure of the relative importance of the general program. This figure may be low, while total SCH may be high because of an increase in the contact hours per course.
- *General student contact hours as a proportion of all annual student contact hours* (GEN) is a more sensitive measure of the relative significance of the general program activity than GEE. It includes VET hours.
- *Hours per enrolment* (HPE) is a simple measure of the average duration in contact hours of a course enrolment.

A second set of indicators can be used to compare some of the relative costs of producing this activity; these are described and discussed in the next section.

Table 13 shows that the average annual growth of the enrolments of the 57 responding providers from 1991 to 1995 was 11.4 per cent, with a median (midpoint) value of 5.7 per cent. There were fewer providers with above average growth rates than there were providers with below average rates. The dozen

GROWTH 1991-1995 AND ACTIVITY

		Annual Average Growth %	General Enrolments as % all Enrolments	General SCH as % SCH	SCH per Enrolment
		AVG	GEE	GEN	HPE
Large	Average	5.7	85.8	77.0	22.5
	Median	2.9	85.9	86.5	19.8
Medium to Large	Average	18.6	88.2	80.5	18.3
	Median	4.8	89.8	81.6	17.4
Medium to Small	Average	8.3	84.2	82.9	14.7
	Median	6.5	82.6	91.2	13.7
Small	Average	15.0	94.3	96.4	16.1
	Median	7.5	100.0	100.0	12.2
All	Average	11.4	87.5	83.3	18.0
	Median	7.5	89.1	87.0	16.2
	Range	(-13) - 114	50 - 100	25 - 100	6 - 57

Table 13

organisations with the highest growth rates (more than 20%) are spread throughout the size range, and in fact the average growth is greater for the smallest and medium to large providers than for others.

Two factors explain this trend. First, it is easier for smaller providers to register a large percentage increase in hours from their small activity base than is possible for large providers which have a large activity base. Second, larger providers have tended to increase their contact hours rather than their enrolments to the extent that they have taken on more activity intensive Commonwealth-funded programs such as LEAP. Interestingly, the two providers which are partly funded by ACFEB in Victoria show a very high rate of growth.

Within the size groupings of organisations there are nevertheless some quite dramatic differences on all of these activity indicators.

The two indicators GEE and GEN give similar patterns. Both show the trend for the larger providers to have diversified their programs, and the indicator *General hours as a proportion of all student contact hours* (GEN) reflects this even more clearly. This is consistent with larger providers running more special programs and more activity resourced by agencies other than the Board.

The smallest organisations have most of their activity in general courses. However, once again, these apparent uniformities disguise some marked differences among providers.

Finally, the indicator *hours per enrolment* (HPE) is a measure of the average length of a course. The larger providers have a notably higher figure (average 22.5 hours per enrolment), but the lowest values are in the medium to small providers (average 14.7 hours per enrolment).

The diminishing average hours per enrolment with size of provider almost certainly has something to do with the cost pressures faced by smaller providers, who contend that they have a smaller pool of students, less flexibility in pricing and greater pressures to keep course fees low in order to keep enrolments up and therefore need to offer shorter rather than longer courses. It is also true that the courses of any provider will be on average longer (a higher HPE index) to the extent that they offer more accredited and Commonwealth-funded programs.

If this is so, those providers with smaller incomes for their amount of activity should generally have lower HPE (Table 14) and AGF values (Table 15), in order to maximise enrolments. This can be ascertained by examining some of the variations in the profiles of providers within size groupings.

Activity profiles

The activity profiles shown in Table 14 help to provide a systematic answer to questions such as

ACTIVITY PROFILES OF PROVIDERS

LARGE PROVIDERS	RANK	GEE	GEN	AVG	HPE
St George and Sutherland CC	1	92.0	53.9	2.3	33.6
Albury-Wodonga CEC	2	81.0	34.9	41.1	35.8
Strathfield Regional CC	3	88.8	76.4	5.7	37.6
Sydney CC	5	90.2	94.0	15.0	16.1
WEA - Sydney	6	85.9	86.5	1.2	15.1
Central West CC	7	51.9	25.3	2.9	34.8
Manly-Warringah CC	8	82.7	58.4	1.3	29.0
Eastern Suburbs REC	9	94.3	95.1	-3.1	18.7
Parramatta REC	10	79.4	72.6	-0.1	19.8
Nepean CC	13	73.2	95.8	6.8	20.0
Macarthur CC	14	94.1	95.7	4.2	15.0
Bankstown EC	15	79.1	79.0	7.9	19.8
Mosman EC	16	100.0	100.0	2.0	16.4
Hills District D&EC	17	97.8	98.8	0.0	14.3
WEA - Hunter	18	97.2	88.4	-1.5	11.5

Table 14a

ACTIVITY PROFILES OF PROVIDERS

MEDIUM TO LARGE PROVIDERS	RANK	GEE	GEN	AVG	HPE
ACE North Coast	20	85.1	78.4	-0.7	19.5
Central Coast CC	21	95.7	90.0	8.1	15.0
Hunter CC	22	89.3	83.6	3.7	15.9
Western College of ACE	23	90.3	85.3	-5.5	24.1
Blacktown District CC	24	82.0	83.9	8.6	21.8
Riverina CC	25	78.6	72.2	5.8	15.5
Southern AEC Nowra	26	72.0	79.6	3.8	12.0
Hastings AE	27	90.9	93.6	9.9	9.1
AEC for Deaf and HIP	28	88.9	78.7	-3.0	20.5
Griffith ALA	29	84.6	33.3	26.4	36.9
Hawkesbury CC	30	95.8	93.4	3.9	16.3
Corryong CEC	31	98.5	100.0	92.9	18.1
Tamworth AEC	32	79.1	73.5	0.5	18.2
Taree AE	33	92.3	92.8	2.8	14.2
ACE Gunnedah Inc	34	93.6	75.3	114.0	19.2
Wyong Leisure Learning	36	95.0	75.2	31.4	16.8

Table 14b

how much of a provider's activity is in general adult education and how much in special or targeted programs, and how is the type of activity reflected in the average costs of that activity.

The large providers have a great variation in their hours per enrolment (HPE), five having approximately 30 hours per enrolment, including Albury-Wodonga CEC which is the fastest growing larger provider (40% growth). The comparatively large number of places in Commonwealth funded activity-intensive programs account for this, as the GEN index for these providers is markedly lower, with general SCH making up a smaller proportion of their annual SCH. This pattern is in stark contrast with that of providers which have a 'traditional' adult education profile, such as Sydney WEA, Sydney Community College and Mosman, Macarthur and the Hills

ACTIVITY PROFILES OF PROVIDERS

MEDIUM TO SMALL PROVIDERS	RANK	GEE	GEN	AVG	HPE
Tuggerah Lakes CLLTC	37	77.9	94.8	1.0	16.1
Southern Region CC	38	82.8	76.9	-1.2	29.3
Robinson Education	39	63.7	83.7	14.4	13.6
Barraba/Bundarra ACE	40	78.0	47.8	-3.4	19.5
Byron AE	41	94.0	98.8	22.8	13.3
ACE Mullumbimby	42	100.0	100.0	9.1	12.5
Walcha ALA	43	79.4	61.7	7.4	20.8
Kiama AEA	44	77.2	61.6	-0.1	16.3
Camden Haven ACE Inc	45	82.5	87.4	22.5	14.3
Kincumber ACE	46	100.0	100.0	3.5	13.7
Eurobodalla AE	47	100.0	100.0	-0.3	10.1
Murwillumbah AE	48	100.0	99.5	4.8	9.5
Alstonville ALA	50	88.3	98.1	5.7	10.4
Outback ACE (Bourke)	52	50.1	34.0	16.2	17.4
Singleton LLG	53	94.7	91.5	20.3	11.3
Forster-Tuncurry AE	55	78.9	91.0	10.7	7.5

Table 14c

ACTIVITY PROFILES OF PROVIDERS

SMALL PROVIDERS	RANK	GEE	GEN	AVG	HPE
Nambucca Valley ACE	57	100.0	100.0	3.1	12.2
Guyra ALA	58	100.0	100.0	-0.1	19.6
Monaro CEG	59	100.0	100.0	20.8	11.2
Eden-Merimbula ACE	60	91.6	85.3	5.0	17.9
Gravesend ALA	61	97.1	91.6	18.5	10.5
Young CL	62	61.5	100.0	8.3	12.4
Condobolin AE	63	100.0	100.0	6.6	7.8
Tahmoor CALL	64	100.0	100.0	85.6	13.5
Dungog and District AE	65	87.6	83.6	33.2	9.4
Wallabadah ALA	69	100.0	100.0	7.5	6.5
Warialda and District LA	70	100.0	100.0	13.1	55.7

Table 14d

District Colleges which have correspondingly low HPE and higher levels of general program activity.

Medium to large providers tend to have three-quarters of their activity in general programs and an HPE of between 15 and 20 hours. Griffith ALA is an exception with a high HPE, reflecting a component of Commonwealth-funded hours, with a consequent lowering of its general hours (GEN), if not its general enrolments, and a high average growth in activity. Corryong, Gunnedah and Wyong have experienced marked growth and a change in profile. Hastings is a provider with many general courses which on the whole tend to be shorter in duration than those of other providers.

The *medium to small providers* include some interesting cases which upset the usual generalisations about the programs delivered by small rural CAECs. While the programs of most are dominated by general courses (GEN over 90%), some are surprisingly diverse. Barraba and Outback ACE (Bourke) have less than 50 per cent of their activity in general adult education; for Walcha and Kiama the figure is about 60 per cent. Their HPE values are accordingly higher than the norm for this group.

The *small providers* as expected are much more likely

SUBSIDY COST, AVERAGE GENERAL FEE AND SIZE

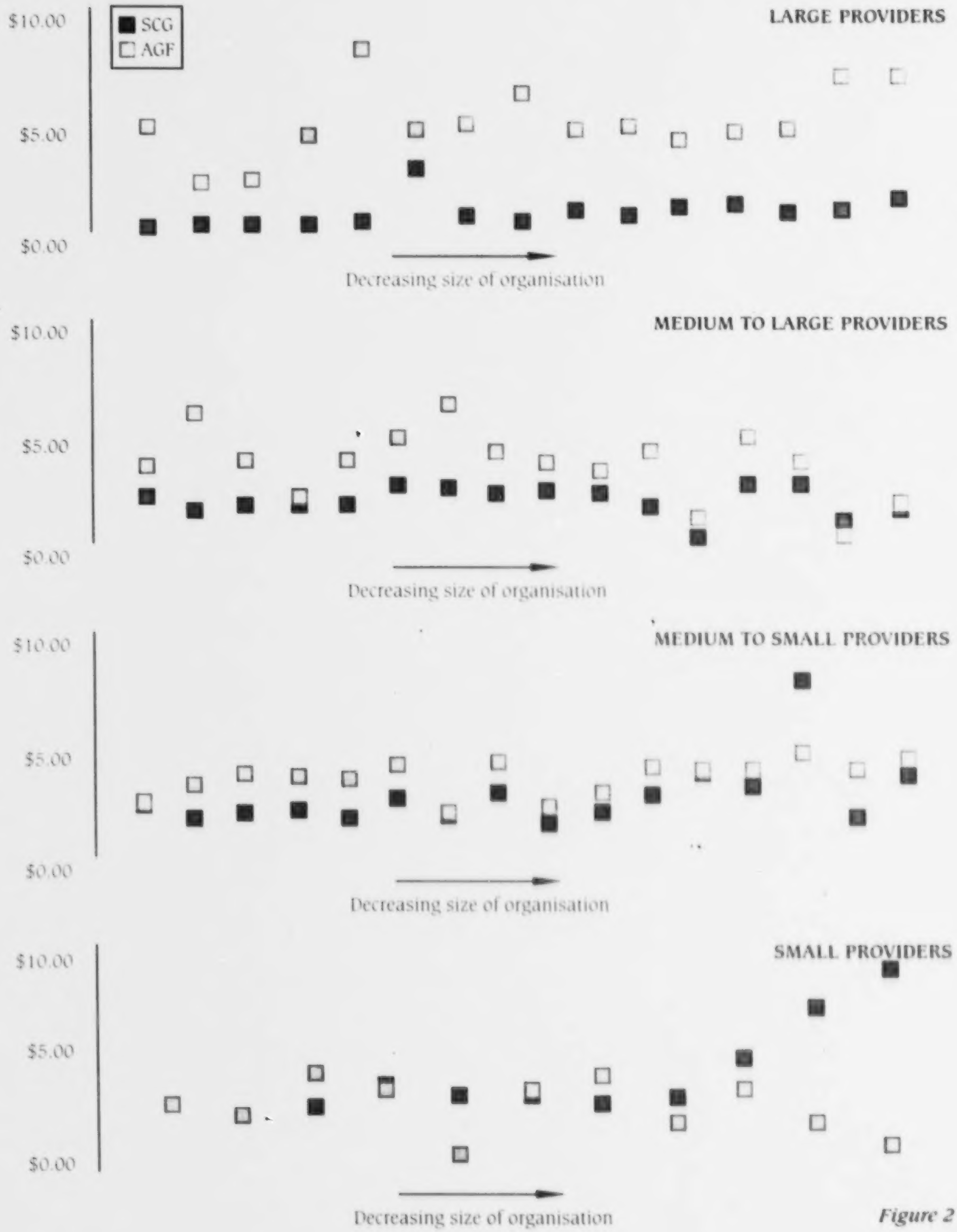


Figure 2

GROWTH AND ACTIVITY COSTS

		'BOARD SUBSIDY' COMPONENT			AVERAGE FEES	
		SCG	SCA	SCB	AGF	GES
Large	Average	$0.93	$0.67	$1.70	$4.93	$7.97
	Median	$0.86	$0.70	$1.82	$4.61	$6.99
Medium to Large	Average	$2.10	$1.66	$3.57	$3.91	$8.97
	Median	$2.14	$1.67	$3.71	$4.12	$7.38
Medium to Small	Average	$3.22	$2.48	$3.75	$3.78	$8.05
	Median	$2.78	$2.04	$3.49	$4.13	$7.81
Small	Average	$4.58	$4.43	$7.00	$2.68	$7.82
	Median	$3.45	$3.31	$5.35	$3.01	$7.43
All	Average	$2.53	$2.10	$3.72	$3.94	$8.20
	Median	$2.13	$1.72	$3.52	$4.16	$7.42
	Range	$0.29-$11.84	$0.29-$11.84	$0.33-$14.30	$0.74-$8.44	$2.32-$18.56

Table 15

to have almost all of their activity in general programs. However, their hours-per-enrolment values range from less than 10 to 20. The contrast with the larger providers in this respect is interesting: the lowest HPE values of two large providers most 'general' in their program (Sydney Community College and WEA Sydney) are comparable to the highest HPE values among the smallest organisations.

These activity measures can be compared to measures of the income and expenditure of organisations.

Fees, expenditure and activity

A further set of indicators can be used to relate income and activity, and compare some of the relative costs of producing the activity of ACE organisations, particularly the extent to which Board funding subsidises, underwrites or otherwise supports the delivery of courses. Five indicators were developed.

- *Subsidy cost per general student contact hour* (SCG) calculates the contribution of Board main provider funding to the student contact hours of the general adult education program, including ACE VET hours but excluding contact hours delivered through other programs.

- *Subsidy cost per all student contact hours* (SCA) calculates the contribution which the Board main provider funding makes to all student course hours, irrespective of the program, and is a measure of the contribution of the main provider funding to the provider's overall activity.

- *Subsidy cost per all student contact hours* (SCB) calculates the contribution of total Board funding to each course hour, irrespective of the program, and gives a measure of the extent to which the 'Board dollar' supports overall provider activity. It therefore has a larger value than SCA.

- *Average fee per general hour* (AGF) calculates the average cost of a general student contact hour, including ACE VET hours. It has some more obvious limitations, since it hides variations in the pricing of courses which is an important consideration in marketing courses and maximising enrolments. However, it may highlight differences in the level of fee income obtained for a given level of activity.

- *Gross expenditure per student hour* (GES) is a crude measure of the expense per student hour delivered by the organisation. It may indicate the intensiveness of resourcing of each student hour. Such a measure has limitations: it ignores the different costs of delivering different types of programs and differential resourcing of these programs. An alternative could be an index of the gross income generated for level of activity.

The project was not required to examine the 'unit costs' of particular kinds of courses, and did not attempt to do so. To go beyond the kind of generalisations given here about the costs of organisations would require much more information from providers than is given in their public statements of account. The indicators used are valuable, nonetheless, because of their generality and intelligibility.

ACTIVITY COST PROFILES

LARGE PROVIDERS	RANK	SCG	SCA	SCB	AGF	GES
St George and Sutherland CC	1	$0.35	$0.19	$0.64	$4.81	$5.33
Albury-Wodonga CEC	2	$0.50	$0.18	$0.33	$2.30	$6.99
Strathfield Regional CC	3	$0.43	$0.33	$0.99	$2.34	$8.90
Sydney CC	5	$0.45	$0.42	$2.92	$4.32	$4.74
WEA - Sydney	6	$0.51	$0.44	$0.75	$8.44	$8.32
Central West CC	7	$2.88	$0.73	$1.98	$4.55	$17.63
Manly-Warringah CC	8	$0.77	$0.45	$1.11	$4.83	$6.51
Eastern Suburbs REC	9	$0.58	$0.55	$1.51	$6.19	$9.41
Parramatta REC	10	$0.96	$0.70	$1.90	$4.52	$6.10
Nepean CC	13	$0.80	$0.77	$2.22	$4.71	$6.51
Macarthur CC	14	$1.13	$1.08	$1.92	$4.18	$5.74
Bankstown EC	15	$1.31	$1.03	$2.32	$4.51	$5.50
Mosman EC	16	$0.86	$0.86	$1.04	$4.61	$5.60
Hills District D&EC	17	$1.05	$1.04	$1.82	$6.83	$8.22
WEA - Hunter	18	$1.44	$1.27	$2.09	$6.84	$13.99

Table 16a

ACTIVITY COST PROFILES

MEDIUM TO LARGE PROVIDERS	RANK	SCG	SCA	SCB	AGF	GES
ACE North Coast	20	$2.29	$1.80	$4.92	$3.94	$18.56
Central Coast CC	21	$1.66	$1.49	$3.22	$6.43	$17.28
Hunter CC	22	$1.93	$1.61	$2.70	$4.20	$5.21
Western College of ACE	23	$1.99	$1.69	$5.56	$2.22	$16.88
Blacktown District CC	24	$1.88	$1.58	$3.66	$4.23	$8.08
Riverina CC	25	$2.91	$2.10	$5.22	$5.31	$15.42
Southern AEC Nowra	26	$2.74	$2.18	$3.51	$6.88	$10.53
Hastings AE	27	$2.47	$2.32	$4.04	$4.53	$7.35
AEC for Deaf and HIP	28	$2.70	$2.13	$4.17	$4.05	$6.60
Griffith ALA	29	$2.48	$0.82	$1.95	$3.57	$2.32
Hawkesbury CC	30	$1.77	$1.65	$3.22	$4.55	$6.65
Corryong CEC	31	$0.29	$0.29	$0.55	$1.08	$4.63
Tamworth AEC	32	$2.90	$2.13	$3.77	$5.27	$7.41
Taree AE	33	$2.81	$2.61	$4.36	$3.95	$8.14
ACE Gunnedah Inc	34	$1.77	$1.33	$2.33	$1.03	$4.17
Wyong Leisure Learning	36	$1.03	$0.77	$4.03	$1.37	$4.23

Table 16b

Table 15 leads to some important generalisations about the 'activity costs' of groups of providers. The values of the 'subsidy cost per general hour' are similar for both SCG and SCA so they are for most purposes identical. However, there are differences according to the size of the provider on both these values.

The *largest providers* have a much lower level of subsidy cost and a higher level of average general fee (AGF) than the smallest providers which have a much higher level of subsidy cost per general hour and a lower level of average general fee. The level of subsidy cost can be assessed relative to the overall value of the 'subsidy cost per general hour' - about $2.50. The smallest providers have an average of nearly twice this figure ($2.53) and the largest providers a value of nearly a third of this value ($0.93).

ACTIVITY COST PROFILES

MEDIUM TO SMALL PROVIDERS	RANK	SCG	SCA	SCB	AGF	GES
Tuggerah Lakes CLLTC	37	$2.68	$2.54	$3.83	$2.81	$7.21
Southern Region CC	38	$1.82	$1.40	$2.44	$3.57	$9.32
Robinson Education	39	$2.10	$1.76	$3.21	$4.29	$11.54
Barraba/Bundarra ACE	40	$4.11	$1.96	$6.25	$2.25	$6.87
Byron AE	41	$1.76	$1.74	$2.59	$3.98	$5.57
ACE Mullumbimby	42	$2.88	$2.88	$3.53	$4.70	$7.67
Walcha ALA	43	$2.13	$1.31	$3.02	$2.24	$5.30
Kiama AEA	44	$3.25	$2.00	$4.60	$4.89	$8.87
Camden Haven ACE Inc	45	$1.51	$1.32	$1.45	$2.33	$6.55
Kincumber ACE	46	$2.09	$2.09	$2.64	$3.05	$5.69
Eurobodalla AE	47	$4.54	$4.54	$5.48	$3.02	$7.26
Murwillumbah AE	48	$4.33	$4.31	$5.16	$4.42	$8.92
Alstonville ALA	50	$3.45	$3.38	$5.43	$4.32	$8.26
Outback ACE (Bourke)	52	$9.07	$3.08	$3.45	$5.37	$12.39
Singleton LLG	53	$1.83	$1.68	$2.14	$4.41	$7.95
Forster-Tuncurry AE	55	$4.06	$3.69	$4.83	$4.83	$9.49

Table 16c

ACTIVITY COST PROFILES

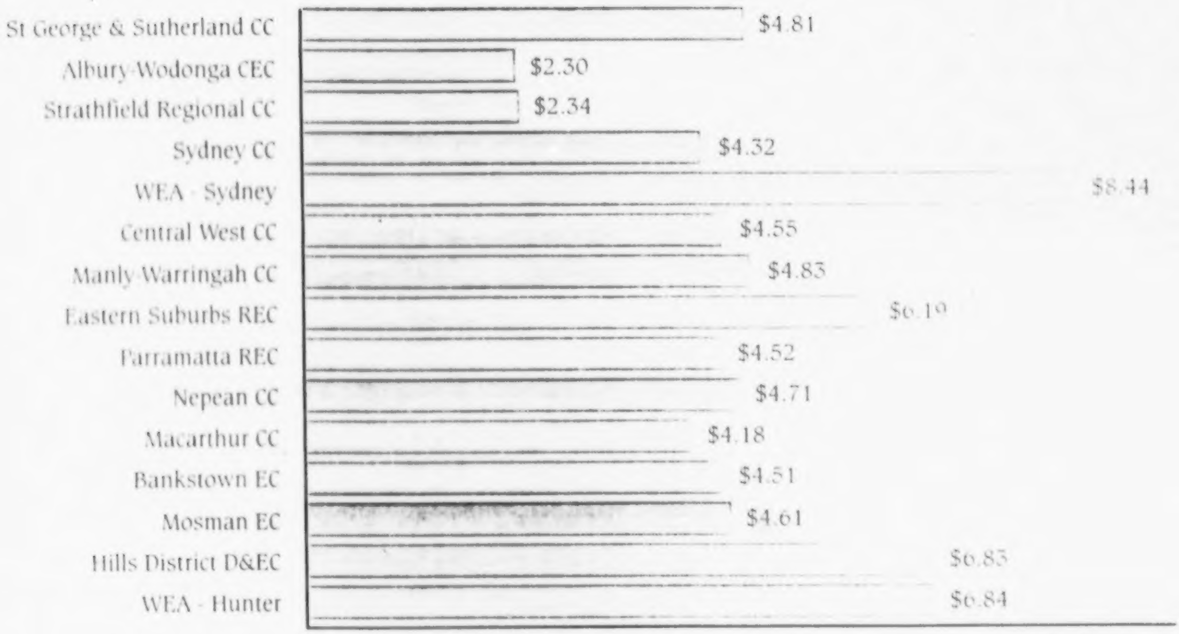
SMALL PROVIDERS	RANK	SCG	SCA	SCB	AGF	GES
Nambucca Valley ACE	57	$3.03	$3.03	$3.69	$3.01	$5.76
Guyra ALA	58	$2.44	$2.44	$4.54	$2.44	$7.43
Monaro CEG	59	$2.85	$2.85	$5.35	$4.34	$7.08
Eden-Merimbula ACE	60	$3.72	$3.17	$5.24	$3.58	$8.34
Gravesend ALA	61	$3.45	$3.16	$3.96	$0.74	$4.68
Young CL	62	$3.36	$3.36	$9.34	$3.50	$10.41
Condobolin AE	63	$4.19	$4.19	$7.76	$3.06	$6.60
Tahmoor CALL	64	$3.31	$3.31	$4.15	$2.13	$5.35
Dungog and District AE	65	$4.92	$4.11	$9.36	$3.69	$10.56
Wallabadah ALA	69	$7.27	$7.27	$9.38	$1.99	$8.50
Warialda and District LA	70	$11.84	$11.84	$14.30	$1.00	$11.30

Table 16d

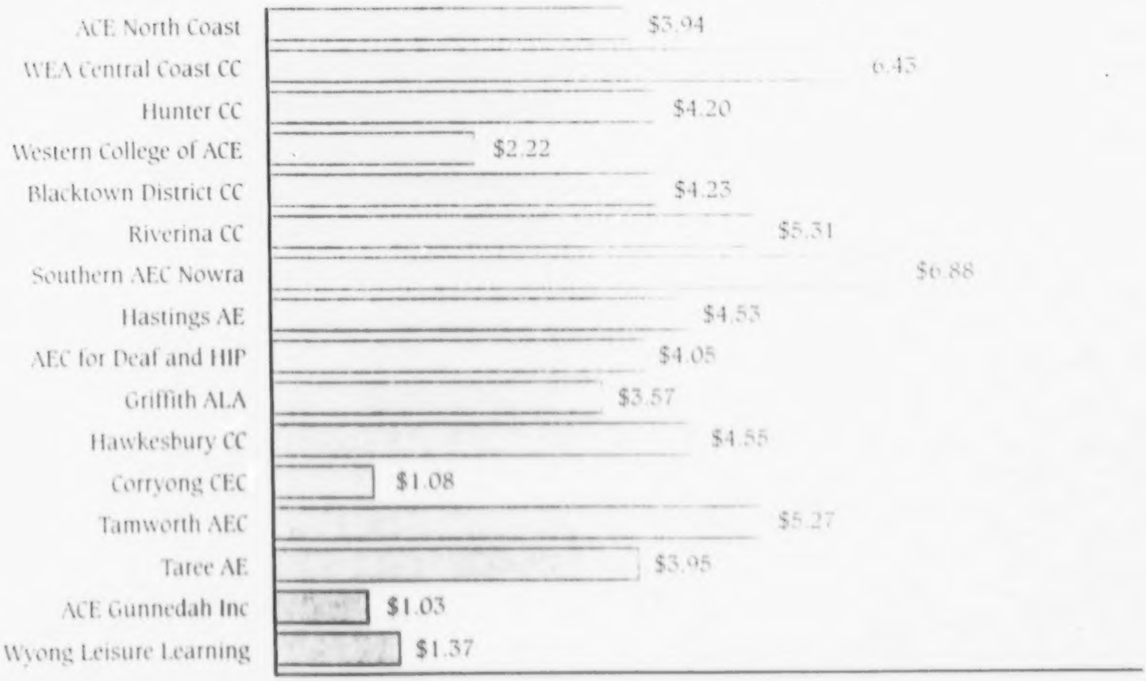
SCG	*Subsidy cost per general student contact hour (main funding expended per general SCH)*
SCA	*Subsidy costs per all annual student contact hour (main funding expended per all SCH)*
SCB	*Subsidy cost per all annual student contact hour (all Board funding expended per all SCH)*
AGF	*Average fee per general student contact hour (fee income generated per general contact hour)*
GES	*Gross expenditure per annual student contact hour*

Taken together, these two indicators give some idea of the fraction of the cost of supplying a general student contact hour which is contributed by government as opposed to the student or client. The 'Board subsidy cost' of a large provider's hour (say $0.90) is roughly one fifth of their average general fee per hour, whereas for the smallest provider it is nearly twice the general fee. In other words, government is contributing a large part of the cost of courses in smaller providers, and a small part in larger providers. This is in part because of the lower fee levels that smaller providers charge. The scatter-diagrams in Figure 2 illustrate clearly the discrepancy between subsidy cost and average fee per general hour. In the cases of some small providers, the subsidy cost far exceeds the average fee charged so that government might be close to paying the largest part of the cost of the course.

Once again, however, there are some interesting

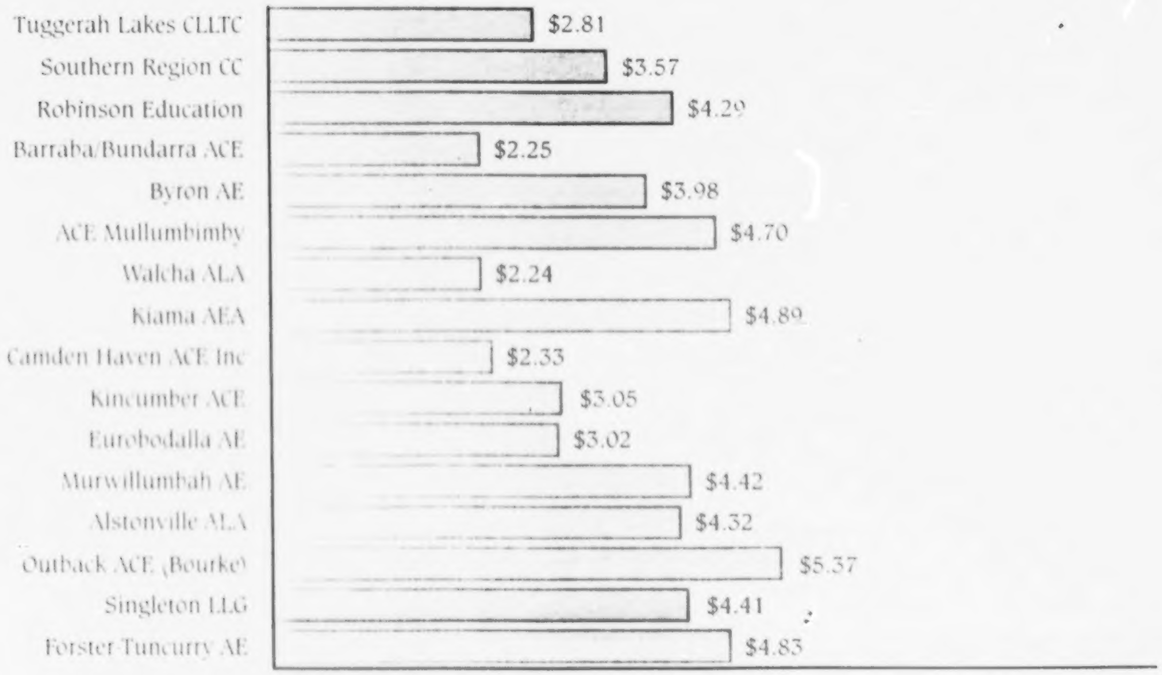


LARGE PROVIDERS *Figure 3a*

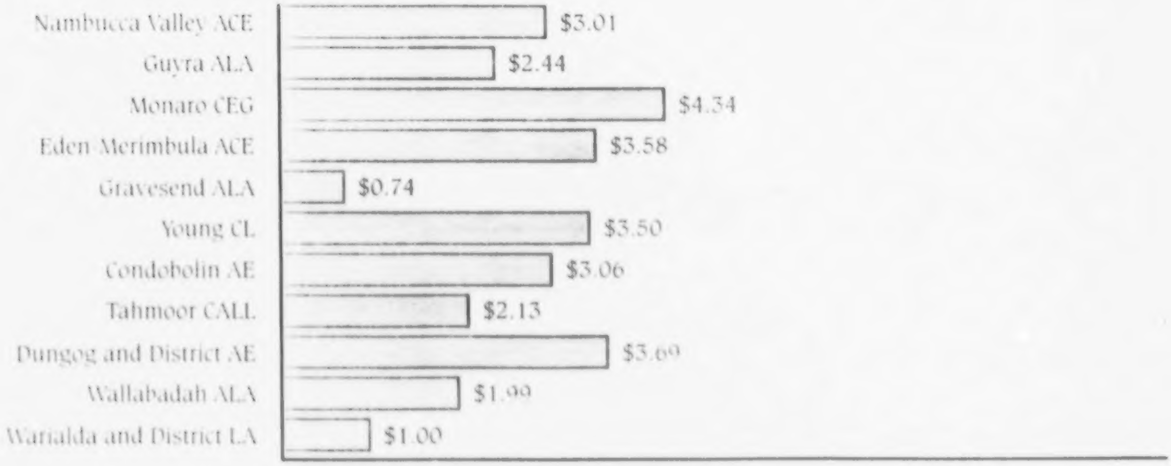


MEDIUM TO LARGE PROVIDERS *Figure 3b*

AVERAGE GENERAL FEE



SMALL TO MEDIUM PROVIDERS *Figure 3c*



SMALL PROVIDERS *Figure 3d*

Average fee per general hour (AGF) calculates the average cost of a general student contact hour, including ACE VET hours by dividing the provider's income from student fees by annual SCH for general and VET courses. This indicator, as an average, will obscure important variations in the pricing of courses. However, it may highlight differences in the level of fee income obtained for a given level of activity.

variations in activity costs within the provider groupings, shown in Table 16.

Several relationships which have emerged among activity, expenditure and income indicators raise questions that bear further analysis.

- Is the amount of a provider's activity (in student contact hours) related to the size of fee income and the cost of a course hour to students, reflecting perhaps economies of scale? (AGF - see scatter gram)

- Are the stringencies of keeping course costs to students low reflected in both a low hours per enrolment and low average general fee, and is this in turn linked to the affluence of the provider catchment area? (HPE-AGF)

- Are low levels of Board subsidy associated with high levels of average fee and with high levels of gross fee income?

- How far is the activity profile of a provider (the 'mix' of general and targeted courses) and the corresponding activity per enrolment (HPE, hours per enrolment) associated with different levels of average general fee or subsidy cost to the Board? (GEN - HPE - SCG)

One way to assess the relationship is to perform rank correlations. Table 17 represents the results of a preliminary analysis showing correlations for the main income, activity, activity cost and expenditure indicators given here.

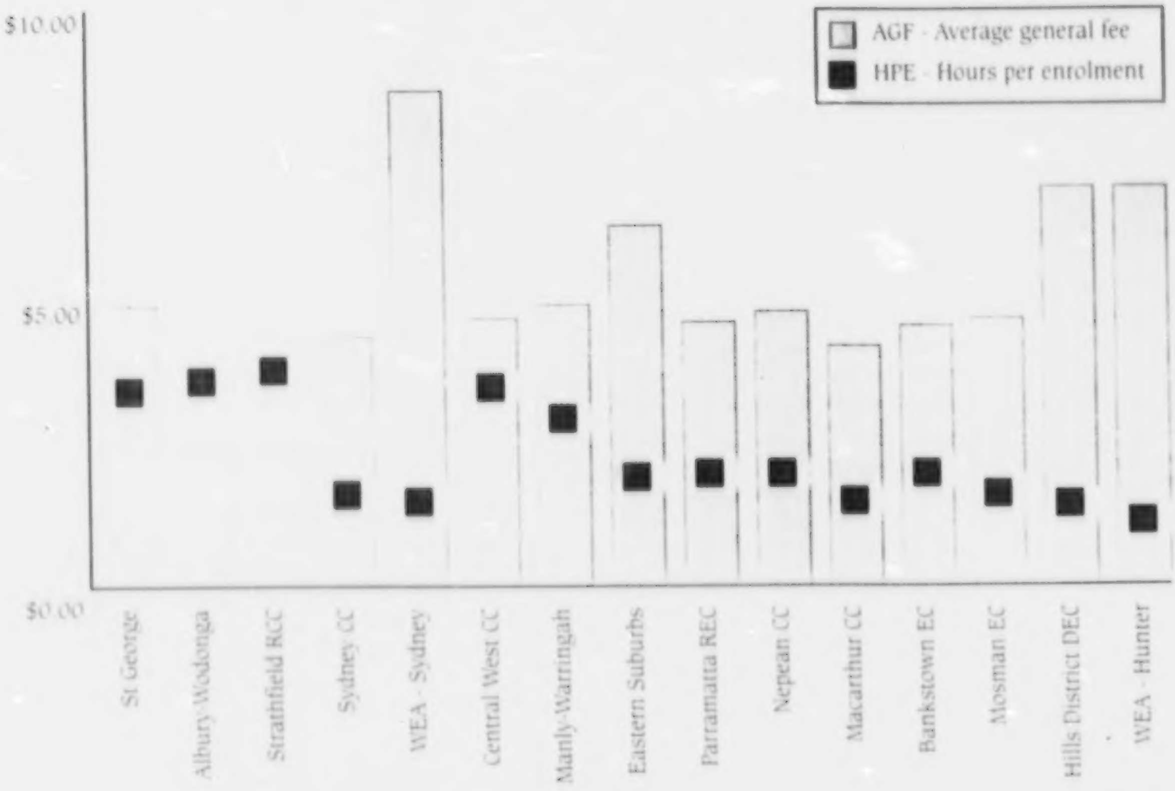
- *Activity and activity cost.* As might be expected, the activity indicators correlate highly. Sheer size (measured in SCH) is associated with the HPE. The greater the activity, the greater is the activity, in hours, per enrolment (Pearson r=0.48). Further, the greater the proportion of general SCH (GEN), the lower is HPE likely to be (negative correlation, -0.52). However, activity costs offer a different picture. Whereas the subsidy cost indicators (SCG, SCA and SCB) correlate highly with each other, since they are similarly derived, they have a slightly negative relationship with the two other indices, AGF and GES. That is, when AGF is high, subsidy costs may be low, and vice versa, more often than not. The nature of this relationship between subsidy cost and average general fee is depicted in Figure 4.

- *Activity and income.* Reflecting the conclusions drawn throughout the chapter, there are some correlations between activity and income indicators. The larger the provider, the lower the proportion of income Board funding is likely to be (correlations of -0.64 between MPG or ABF and all SCH). High levels of Board funding as a proportion of all government funding (BAG) are associated with small activity and low hours per enrolment, but high levels of general activity. This is consistent with the picture painted above of the small and large providers. There are no clear relationships between growth (AVG) and other indicators.

- *Activity cost and income.* Not surprisingly, the indicators of the extent of income derived from Board funding (MPG and ABF) are highly associated with various indicators of the subsidy cost of activity (SCG, SCA and SCB). However, these indicators (MPG, ABF) are negatively associated with level of average general course fee (AGF, correlation of -0.47 and -0.55). Among the highest positive correlations in the table is the correlation between average general fee (AGF) and the proportion of income that is generated from student fees (correlation 0.66). Subsidy cost indicators are also negatively associated with FOI (e.g. SCG and FOI). This is probably largely attributable to size of provider. The correlation of gross expenditure per student (GES) and other government funding (OGF) reflects the influence of Commonwealth-funded programs.

- *Activity and activity cost.* The extent to which sheer activity relates to the costs of provision is indicated in this set of correlations. There are negative correlations between subsidy cost indicators (SCG, SCA and SCB) and total SCH, but otherwise relationships are weak. Growth tends to be negatively associated with level of general fee - the lower the growth rate, the higher the level of general fee may be (-0.41).

- *Expenditure and activity.* The proportion of expenditures on various types of costs (salaries, promotion, facilities and so on) is not associated with most activity indicators, except perhaps size. For example, ASCH correlates negatively with both percentage spent on facilities (-0.40) and derived


[illegible] AND AVERAGE GENERAL FEE (AGF)

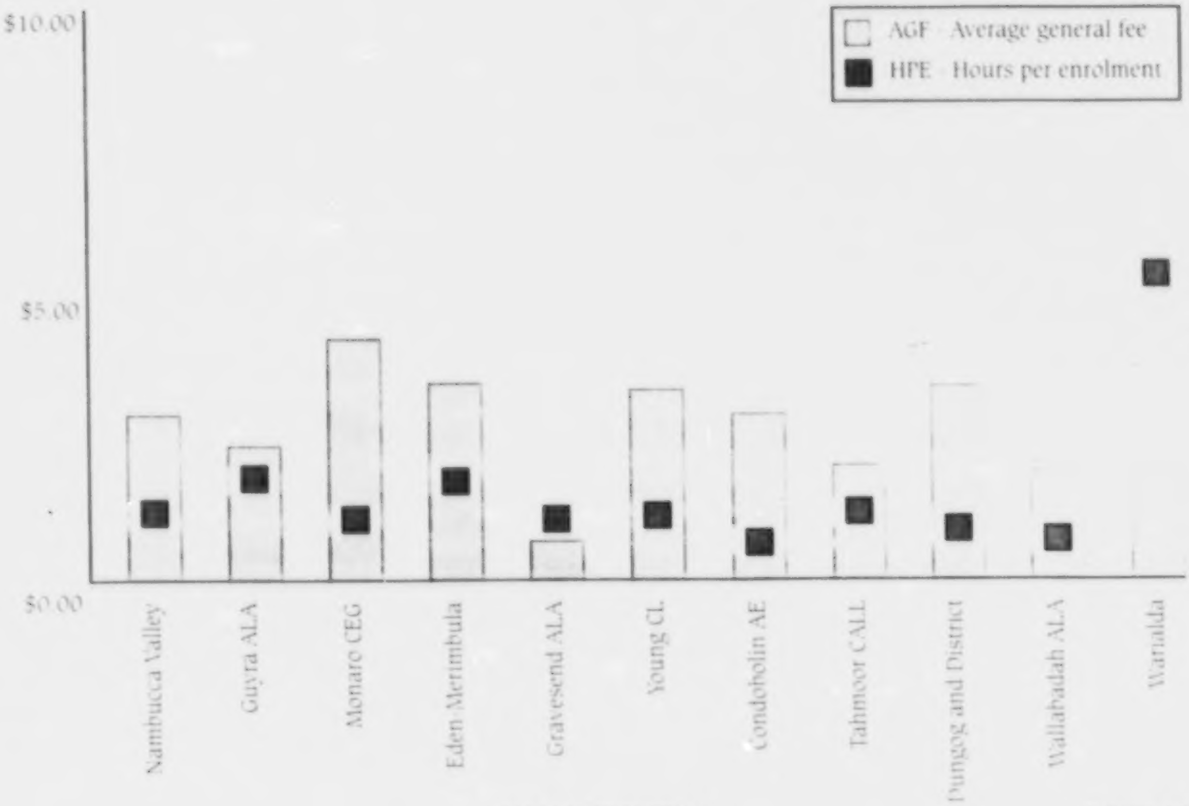
LARGE PROVIDERS *Figure 4a*

administrative costs (-0.48), indicating that large providers are associated with small relative expenditures. However, as previously noted, caution must be exercised with these expenditure indicators. It is interesting to note that derived administrative costs appear to be inversely related to size of activity (-0.48), which is consistent with economies of scale being achieved by large providers, and negatively associated with hours per enrolment - the larger the HPE, the smaller are the derived administrative costs.

- *Expenditure and activity costs.* This set of correlations shows something of the relationships between sheer size of expenditure (amounts) and activity costs. There are generally negative correlations for all types of expenditure with subsidy cost indicators (SCG, SCA and SCB) but quite high positive correlations between average general fee (AGF) and expenditures on both promotions (0.60) and facilities (0.50). In other words, the tendency is that the greater the expenditure on promotion and facilities, the higher the average general fee charged. This again may reflect the effect of the size of the ACE organisation and its operation. When expenditure indicators are used, the relationships are weaker, with some important exceptions: the subsidy costs SCA and SCB are now *positively* associated with the proportion of income expended on facilities (0.47 and 0.51).

- *Expenditure and income.* Again, the tendency for expenditure on promotion to be associated with higher levels of fee generation (FOI, fees as a proportion of income) is reflected in this table in the positive correlation of 0.49. The high negative correlation between other expenditure and Board funding as a proportion of government funding (BAG) reflects the influence of Commonwealth funding on other expenditures. Again, derived administrative costs appear to be highly correlated with levels of Board funding.

[illegible] AND AVERAGE [illegible]



SMALL PROVIDERS *Figure 4b*

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As a final step in assessing the costs of ACE delivery, providers were asked to assess the value of the in-kind contributions from the community and governments to their organisation. Every provider was sent a questionnaire asking them to 'put a figure' on a range of contributions by estimating the hours or monetary value for several items (see Appendix D).

The response to this assessment was poor, perhaps due to the difficulty reported by respondents in compiling the information. Considering the degree of estimation involved, and the low response, any conclusions drawn must be tentative. Eight large or medium-sized organisations and 17 small organisations replied.

The proforma asked about the following areas of in-kind contributions:

- the time in hours per week and weeks per year spent by the coordinator on unpaid overtime, time spent by others assisting the co-ordinator on a regular basis, and work done by organisation office bearers and committee of management;
- the value in monetary terms of the real cost of goods or services provided by businesses or other agencies gratis or at a discount, including publicity and promotion, donations of resources, materials or equipment, repair and maintenance, landscaping and catering provided by the community;
- for facilities, the difference between the actual rent paid and the possible market rates for office accommodation or venues made available at no charge or for low rent by the community;
- the value of the provider's contribution to the cost of courses through concessions given to students and by cross-subsidisation of courses that would otherwise not run;

CORRELATIONS OF INCOME, ACTIVITY & EXPENDITURE INDICATORS

		ACTIVITY				
		ASCH	GEE	GEN	AVG	HPE
Activity	ASCH	1.00	-0.12	-0.40	-0.09	0.48
	GEE		1.00	0.63	0.12	-0.18
	GEN			1.00	-0.02	-0.52
	AVG				1.00	-0.08
	HPE					1.00
		ACTIVITY COST				
		SCG	SCA	SCB	AGF	GES
Activity Cost	SCG	1.00	0.90	0.80	-0.24	0.24
	SCA		1.00	0.88	-0.31	0.15
	SCB			1.00	-0.31	0.26
	AGF				1.00	0.32
	GES					1.00
		INCOME				
		MPG	ABF	OGF	FOI	BAG
Activity	All SCH	-0.63	-0.64	0.50	0.15	-0.55
	GEE	0.30	0.17	-0.30	0.16	0.23
	GEN	0.36	0.22	-0.52	0.37	0.46
	AVG	0.09	0.11	0.07	-0.21	-0.04
	HPE	-0.20	-0.19	0.48	-0.36	-0.45
		INCOME				
		MPG	ABF	OGF	FOI	BAG
Activity Cost	SCG	0.75	0.60	-0.22	-0.45	0.28
	SCA	0.83	0.65	-0.36	-0.34	0.40
	SCB	0.65	0.74	-0.36	-0.45	0.41
	AGF	-0.47	-0.55	-0.01	0.66	-0.07
	GES	-0.20	-0.25	0.48	-0.29	-0.44
		ACTIVITY COST				
		SCG	SCA	SCB	AGF	GES
Activity	All SCH	-0.48	-0.49	-0.51	0.26	0.00
	GEE	-0.08	0.22	0.09	-0.23	-0.34
	GEN	0.02	0.35	0.28	-0.04	-0.13
	AVG	-0.14	-0.15	-0.19	-0.41	-0.32
	HPE	0.08	0.01	-0.04	-0.23	0.07
		ACTIVITY				
		ASCH	GEE	GEN	AVG	HPE
Expenditure (index)	Salaries %	-0.25	0.00	0.08	0.02	-0.25
	Promotions %	0.08	0.13	0.30	0.04	-0.22
	Equipment %	-0.26	0.28	0.15	0.28	-0.09
	Facilities %	-0.40	0.22	0.39	-0.02	-0.37
	Other %	0.40	-0.20	-0.31	-0.13	0.40
	Derived Admin Costs as %	-0.48	-0.06	0.15	0.18	-0.41

Continued...

CORRELATIONS OF INCOME, ACTIVITY & EXPENDITURE INDICATORS

		ACTIVITY COST				
		SCG	SCA	SCB	AGF	GES
Expenditure ($000)	Salaries	-0.37	-0.43	-0.43	0.35	0.34
	Promotions	-0.44	-0.40	-0.38	0.60	0.16
	Equipment	-0.36	-0.34	-0.31	0.37	0.30
	Facilities	-0.35	-0.39	-0.35	0.50	0.43
	Other	-0.29	-0.33	-0.31	0.06	0.28
	Total Expenditure	-0.40	-0.46	-0.44	0.31	0.37
		ACTIVITY COST				
		SCG	SCA	SCB	AGF	GES
Expenditure (index)	Salaries %	0.05	0.00	-0.04	0.11	-0.25
	Promotions %	-0.18	-0.08	-0.13	0.42	-0.07
	Equipment %	0.32	0.38	0.36	-0.36	-0.10
	Facilities %	0.34	0.47	0.51	-0.15	-0.03
	Other %	-0.21	-0.25	-0.20	-0.02	0.28
	Derived Admin Costs as %	0.33	0.26	0.30	-0.20	-0.10
		INCOME				
		MPG	ABF	OGF	FOI	BAG
Expenditure (index)	Salaries %	0.18	0.17	-0.37	0.26	0.41
	Promotions %	-0.10	-0.15	-0.26	0.49	0.21
	Equipment %	0.34	0.40	-0.20	-0.24	0.20
	Facilities %	0.42	0.50	-0.42	-0.08	0.45
	Other %	-0.37	-0.39	0.57	-0.23	-0.60
	Derived Admin Costs as %	0.47	0.51	-0.36	-0.17	0.37

Table 17

- the value of the government in-kind contribution, including the real cost of accredited courses, curriculum and professional development obtained through the Board's agency.

Because of the limited nature of the assessment, the following is a cursory report which highlights the need for further work in this area.

The total amount of *unpaid work* estimated by the 25 providers approaches 40,000 annual hours, ranging from several hundred hours for the smaller providers to several thousand hours for the large providers (which included Sydney, Hunter and Illawarra WEAs). In larger CAECs such as Hastings or Taree, the estimated hours of unpaid work would be the equivalent of a half-time position, while in the larger organisations unpaid hours would equate possibly to two or three full-time positions. At a base salary rate of $30 an hour, the gross figure for the 25 providers would represent $1.2 million in salary costs which, when tripled for the 74 main organisations, aggregates to nearly $4 million. This seems a conservative figure when compared with a total wages bill for the 57 providers in 1995 of $20 million (or $23 million for all 74 providers).

In-kind services were valued at a total of $88,000, much of this being in the area of publicity and promotion and donations of equipment. This is a considerable under-estimate because the questionnaire asked about donations of services and did not take into account the cost of using equipment (which would otherwise have to be found) when estimating the value of the use of school venues and other facilities.

Over $1 million was reported as the rental value of office space and venues which would have to be paid were it not for in-kind contributions of premises from the community. This contribution is not to be confused with *government* in-kind contribution to ACE through its negotiation of arrangements for the community use of schools and TAFE facilities. The figure is high because of the inclusion of Sydney WEA which cites $400,000 annual rent as an in-kind contribution to its operation from the WEA organisation itself because it owns its own building in the Sydney CBD; a similar arrangement applies to some other providers including Illawarra WEA. Leasing a commercial building at a low rent for an agreed period allowed one provider to significantly reduce its number of venues and cut the administrative and rental costs involved. The in-kind contribution was therefore equal to the rent saved less the costs of refurbishing the building for its use, plus the income possible from sub-leasing.

There are in-kind contributions from the *providers* themselves. The assessments gave some insights into the extent to which a provider funds concessions for students and subsidises unprofitable courses from profitable ones (cross-subsidisation). Some providers gave exact figures for each, suggesting that it is a known cost that is being carried as a community service. Larger providers referred to amounts of $40,000 in concessions and similar amounts in cross-subsidisation. Hastings Adult Education and Macarthur Community College, for different reasons of a socio-economic nature, are examples of high-concession providers (equal to the amount stated by the large WEA Sydney). However, it is common for the smaller CAECs to provide up to $3000 or more in a year (Barraba, $2000, Alstonville, $7105). Concessions and cross-subsidisation are an important area of in-kind contributions which require closer analysis from an equity perspective.

Finally, providers attached considerable value to the services provided through the agency of the Board, including the arrangements made for access to school premises, software, professional development, and accredited curricula for running ACE VET courses. A total amounting to some $0.9 million was attributed to government in-kind contribution. The efficiencies of the Board providing such services were noted by one provider:

> *'Curriculum development is most efficiently done centrally with good consultation processes in place. For ACE to continue to develop their VET profile generic curricula would still need to be centrally funded either through BACE or a VET unit (contracted out) and ACE should be given the resources ($'s) to purchase licences from whatever source best suits local needs. I don't believe that Board money should be given directly to individual providers to develop curricula.'*

To sum up, the value of the in-kind contributions to the sector cannot be estimated with any accuracy. Estimation was found to be a difficult exercise by most of those responding, perhaps because this kind of information is not considered part of the normal costs. However, in view of the comments on the social capital made earlier (Chapter Two), this is an important area for further investigation.

Conclusion

This chapter has examined a wide range of information about the incomes and expenditures of ACE organisations and related this to the level and nature of their activity. Of necessity, the process has been one of generalising about groups of providers on the basis of their 1995 profiles.

Two significant trends have emerged. First, the size of the organisation, measured in terms of its activity in annual student contact hours, is a significant influence on the income and activity costs of a provider. There are economies of scale and evident advantages in being a large provider rather than a small. Second, and as important, is that *size by no means accounts for all of the variation to be found among providers*. There are marked variations among organisations of similar size and activity in their incomes and activity costs and program profiles. This can largely be accounted for by the way a provider has had to accommodate to the particular character of the area it serves.

The equity implications of these differences among providers is examined in Chapter Six. Chapter Five selects a number of providers for closer analysis of the economics of delivery in the local context.

Chapter Five

case studies of ACE organisations

This chapter discusses the economics of ACE delivery from the perspective of the ACE provider. Chapter Two summarised some of the challenges in funding ACE and the parameters which affect the management decisions of individual organisations. Chapter Four outlined the income, expenditure and activity of groups of providers, noting at many points the individual differences even among providers of similar sizes and situations.

Individual cases are examined to explore the relationships between funding policies - the character of the community or catchment - and the strategic directions taken by providers. It is therefore helpful to examine some cases in detail.

By focusing on a range of ACE providers operating in different conditions, with differing structures, and located in contrasting communities, a closer study can be made of the income streams, costs, government and community support and other issues which impact on the delivery of ACE around NSW.

Five ACE providers were interviewed and asked to provide more detailed information about those issues and the conditions applying in their communities and centres.

The Principals or Coordinators interviewed were from:

- a CAEC located in the mid north coast (Forster-Tuncurry Adult Education Centre);
- a rural CAEC (Tamworth Adult Education Centre);
- a central coast regional college which until recently was a WEA (Central Coast Community College);
- a rural regional community college with headquarters in Lismore (ACE North Coast);
- a Sydney metropolitan community college (Sydney Community College).

This group comprises three community colleges and two community adult education centres located in metropolitan, coastal and rural communities. They range from an annual enrolment size of 807 in Forster-Tuncurry to 15,818 in Sydney and from an annual income in 1995 of $72,000 in Forster-Tuncurry to $1.872 million at Sydney Community College. A more detailed set of income and activity indicators can be found in Chapter Four.

Together the case studies illustrate the varying cost structures of NSW ACE organisations. They also present a snapshot of the changes taking place in the funding and delivery of ACE over a relatively short period and the range of responses by ACE providers to those changes.

This chapter aims to identify similarities and differences between selected ACE providers by looking more closely at the following: their recent funding history; their main sources of income; the main costs associated with managing the centres; the types of government and community support of an 'in kind' nature; the hidden costs for providers in delivering ACE programs; and the impact market forces have on the provision of access and equity in ACE.

While the income received from the NSW Board of ACE is an important component of each of the providers' overall income, the level of dependence on the Board as a source of funds varies considerably.

As mentioned in Chapter Two, changes in the Board's funding rationale and programs have largely been in response to the emergence of national training reform initiatives and attempts to foster a training market in addition to shifts in government policy aimed at strengthening accountability and regulatory frameworks while emphasising the need for quality management systems and outcomes measures.

PROVIDERS AND CHANGES IN BACE FUNDING 1992-1995

	INCREASE $'000	FACTOR INCREASE
Board of ACE	5131.2	2.08
Tamworth AEC	31.3	1.41
ACE North Coast	242.4	2.18
Forster-Tuncurry AEC	21.1	2.41
Sydney Community College	230.7	2.64
Central Coast Community College	206.3	3.43

Table 18

All providers have been confronted over this period by the need to assess how they can respond to this changed environment, where their future funding is most likely to come from and which sources are the most reliable and stable over the medium to longer term. Each has opted for a different route although each has found itself with different capacities to diversify depending on existing infrastructure, administrative and management systems, their ability to respond to a changed and changing environment, the size of their communities and the ability of those communities to pay for ACE.

Table 18 shows that the quantum of funds available to the Board for distribution to ACE providers has increased by 2.08 times over the period 1992-95. For only one of the five providers was the rate of increase in funding below that of the Board. This was Tamworth AEC which received 1.41 times the funds it received in 1992. The other four providers received increases by factors of 2.18 (ACE North Coast), 2.41 (Forster-Tuncurry), 2.64 (Sydney Community College) while Central Coast Community College was allocated 3.43 times as much in 1995 as in 1992.

However the ACE providers have also experienced significant changes in the pattern of, and criteria for, BACE funding over the past four years which reflect the changes in the Board's overall funding pattern. The changes are more pronounced among the larger College providers than the smaller CAECs.

Table 19 summarises the dynamic internal rearrangement of funding in the relatively short period 1992-95 as the Main Provider grant has decreased in importance to be replaced by other funding in areas such as VET, literacy, special needs/equity and compliance with AVETMISS.

In general the smaller providers located in rural areas are more dependent on the Board's ongoing support for their continued existence and the medium to large

THE CHANGES IN FUNDING FOR EACH PROVIDER BY YEAR

ACE NORTH COAST	**1992**	**%**	**1993**	**%**	**1994**	**%**	**1995**	**%**	**TOTAL**	**%**
Main Provider	111675	54.5	94400	38	91400	29.7	186000	41.6	483475	40
VET	0	0	20000	8.1	116200	37.7	190440	42.6	326640	27
Special Needs	37200	18.2	45159	18.2	24659	8	0	0	107018	8.9
Literacy	54468	26.6	88553	35.7	65286	21.2	64090	14.3	272397	22.6
New Initiatives	1398	0.7	0	0	10360	3.4	3640	0.8	15398	1.3
NAT/AVETMISS	0	0	0	0	0	0	2974	0.7	2974	0.2
Other	0	0	0	0	0	0	0	0	0	0
Total	204741	100	248112	100	307905	100	447144	100	1207902	100
FORSTER-TUNCURRY	**1992**	**%**	**1993**	**%**	**1994**	**%**	**1995**	**%**	**TOTAL**	**%**
Main Provider	15000	100	15000	78.9	14300	100	32300	89.5	76600	90.8
VET	0	0	4000	21.1	0	0	2016	5.6	6016	7.1
NAT/AVETMISS	0	0	0	0	0	0	1770	4.9	1770	2.1
Total	15000	100	19000	100	14300	100	36086	1090	84386	100

Continued...

THE CHANGES IN FUNDING FOR EACH PROVIDER BY YEAR

CENTRAL COAST CC	**1992**	**%**	**1993**	**%**	**1994**	**%**	**1995**	**%**	**TOTAL**	**%**
Main Provider	70816	83.3	64200	44.9	68700	36.4	156700	53.8	360416	50.9
VET	0	0	4000	2.8	62328	33.1	73297	25.2	139625	19.8
Special Needs	7255	8.5	0	0	15500	8.2	15500	5.3	38255	5.4
Literacy	7000	8.2	70770	49.6	41989	22.3	30340	10.4	150099	21.2
New Initiatives	0	0	0	0	0	0	15540	5.3	15540	2.2
NAT/AVETMISS	0	0	3821	2.7	0	0	0	0	3821	0.5
Other	0	0	0	0	0	0	0	0	0	0
Total	85071	100	142791	100	188517	100	291377	100	707756	100
TAMWORTH AEC	**1992**	**%**	**1993**	**%**	**1994**	**%**	**1995**	**%**	**TOTAL**	**%**
Main Provider	49754	64.9	48000	58.6	45600	69.4	71900	66.7	215254	64.8
VET	0	0	4000	4.9	6720	10.2	18592	17.2	29312	8.8
Special Needs	22250	29.1	18500	22.6	0	0	0	0	40750	12.3
Literacy	4600	6	11382	13.9	13381	20.4	16000	14.8	45363	13.7
New Initiatives	0	0	0	0	0	0	0	0	0	0
NAT/AVETMISS	0	0	0	0	0	0	1369	1.3	1369	0.4
Other	0	0	0	0	0	0	0	0	0	0
Total	76604	100	81882	100	65701	100	107861	100	332048	100
SYDNEY CC	**1992**	**%**	**1993**	**%**	**1994**	**%**	**1995**	**%**	**TOTAL**	**%**
Main Provider	85129	60.7	78800	40.8	82600	28.1	133000	35.9	379529	38
VET	0	0	48800	25.3	135176	45.9	119176	32.1	303152	30.4
Special Needs	18438	13.1	13990	7.3	31371	10.6	73106	19.6	136905	13.7
Literacy	31736	22.6	51228	26.6	41327	14	31758	8.6	156049	15.6
New Initiatives	0	0	0	0	0	0	0	0	0	0
NAT/AVETMISS	0	0	0	0	4000	1.4	13931	3.8	17931	1.8
Other	5000	3.6	0	0	0	0	0	0	5000	0.5
Total	140303	100	192818	100	294474	100	370971	100	998566	100
BACE ALLOCATIONS	**1992**	**%**	**1993**	**%**	**1994**	**%**	**1995**	**%**	**TOTAL**	**%**
Main Provider*	3216715	67.7	2821750	50.7	2795350	40.1	5263700	53.2	14097515	51.9
VET**	0	0	478602	8.6	2402948	34.5	2519720	25.5	5401270	19.9
Special Needs***	443067	9.3	482512	8.7	420498	6.1	492942	5.1	1839019	6.7
Literacy****	983798	20.7	1742538	31.2	1218288	17.5	1243890	12.6	5188514	19.1
New Initiatives	59125	1.3	15992	0.3	49840	0.7	11540	0.1	136497	0.5
NAT/AVETMISS	0	0	0	0	56600	0.8	344576	3.5	401176	1.4
Other	43443	0.9	27380	0.5	22942	0.3	950	0	94715	0.3
Total	4746148	100	5568774	100	6966466	100	9877318	100	27158706	100

Table 19

* *The Main Provider allocation for 1995 ($5,263,700) includes an additional 'equipment and resources' component of $795,100 on top of the annual allocation of $4,468,600.*

** *The VET figures for each year combine all the components of the VET program. That is, in 1993 the sum of $478,602 was used for curriculum development and Provider registration preparation and went under the program heading of Commonwealth Training Reform Grants. In 1994 and 1995 the figures combine all allocations for curriculum development and course provision. In addition, for 1993, 1994 and 1995 all allocations for accredited courses funded by ANTA through the Board (i.e. Literacy, Language and General courses) are recorded in this row.*

*** *The nature of the Special Needs grants changes throughout this period. In 1992 and 1993 a funding program for 'People with Disabilities' was in operation. This program ceased in 1994. Other allocations made during this period under the general heading of Special Needs includes Special Needs (Metropolitan), Special Needs (General), Deaf and Hearing Grants, and Special Needs (Model Projects). All these allocations have been combined under the heading Special Needs.*

**** *Literacy. Again a variety of funding programs have been allocated under the general heading of Literacy. They include AESIP, ALLP Jobseeker SIP, ALLP Professional Development, ALLP Provider Grants, ALLP Regional Literacy Co-ordination, BVET Literacy Regional Literacy Co-ordination and the NSW Literacy Programs.*

providers have the size and systems which enable them to take up the opportunities presented by the reforms to education and training. However, the three medium to large providers in this case study have opted to take different approaches to secure their future funding. What links each of the providers is the need to make ends meet.

The trends for two Board-funded programs in particular - the Main Provider program and the VET program - highlight differences between small providers and medium to large providers in their relationships with the Board and in their capacity to raise income.

For instance, the Main Provider grant as a proportion of total BACE funding has generally declined for ACE providers over the period 1992-95. However, for the two CAECs the Main Provider grant has remained critical. In the case of Forster-Tuncurry AEC the grant has fallen from 100 per cent in 1992 to 89.5 per cent in 1995, while for Tamworth AEC the Main Provider grant as a proportion of total BACE funds actually increased slightly from 64.9 per cent in 1992 to 66.7 per cent in 1995.

In the case of the three larger providers the situation has been quite different as each has experienced a steady and consistent reduction in the Main Provider grant as a proportion of total BACE funds. The reductions have gone from 54.5 per cent to 41.6 per cent for ACE North Coast; 60.7 per cent to 35.9 per cent for Sydney Community College; the drop in the main provider grant has been most noticeable for Central Coast Community College, going from 83.3 per cent in 1992 to 53.8 per cent in 1995.

These reductions have been made up for by increases in other funding programs. The most significant change in Board funding has been the availability of VET growth funds accompanying the introduction of funding for accredited vocational education and training and the establishment of ANTA. These funds allocated to the Board are distributed to ACE providers through the ACE-VET Program.

For both ACE North Coast and Sydney Community College ACE-VET now matches the Main Provider grant in terms of income. In the case of ACE North Coast the Board's VET allocation in 1995 was larger (42.6%) than the Main Provider grant (41.6%), while for Sydney Community College the VET grant contributes 32.1 per cent of the Board's total grant compared with 35.9 per cent for the Main Provider grant. Central Coast Community College receives a lower, although still substantial, VET allocation of 25.2 per cent compared with its Main Provider allocation which makes up 53.8 per cent of its Board funds.

The two smaller providers do not have the opportunity or infrastructure to access the submission-based programs to the same extent as the larger providers. In the case of Tamworth AEC the Main Provider grant is nearly four times that of its VET funding and for Forster-Tuncurry it is sixteen times the amount. Despite these problems associated with organisational size, Tamworth has managed to broaden its Board funding base by successfully tendering for VET (17.2% of its BACE funds in 1995) and Literacy funds (14.8%) as Special Needs funding ceased after 1993. Forster-Tuncurry has also been able to access VET funds (5.6%) although to a lesser extent than the other providers.

The inability to diversify their program funding sources limits the ability of those organisations to grow and simultaneously increases small providers' reliance on the Board's Main Provider grant. The two small Community Adult Education Centres (CAECs) depend on the grants distributed by BACE for their continued existence. In each case they have only two main sources of income, BACE grants and student fees.

Table 20 provides a snapshot of the relative size of each of the five providers by activity (enrolments and student contact hours) and income (Board funds, other government grants and fees) for 1995.

In 1995, 94.4 per cent of Forster-Tuncurry AEC's total income of $74,200 was made up of BACE grants (48.7%) and student fees (45.7%). Tamworth Adult Education Centre, although a bigger provider, has a similar mix of income sources as Forster-Tuncurry. Of its 1995 annual income of $230,700, 99.4 per cent came from BACE grants (47.3%) and student fees (52.1%).

For the ACE North Coast regional college by contrast, the income gained from combining BACE grants (25.9%) and student fees (21.6%) makes up only 47.5 per cent of total income. ACE North Coast has made a big commitment to developing vocationally oriented and labour market programs as it sees only limited prospects for the general adult education program to expand. It has been able to diversify its funding sources so that 52 per cent of its 1995 income came from other grants, mostly associated with various labour market programs, and other smaller revenue streams such as fees for service and interest. As a result it has built up an impressive administrative structure which may help it survive the cuts to labour market funding announced in the 1996 Commonwealth Budget.

Despite its lower enrolment size and fewer student contact hours ACE North Coast through its labour market program activity had an income in 1995 greater than that of the larger Central Coast Community College.

Central Coast Community College (CCCC), which until recently was a Workers' Educational Association (WEA), has like ACE North Coast been able to access other sources of income in addition to BACE and student fees. It has experienced rapid growth as a medium sized provider in recent years and is ideally located in the shared post-school educational facility at Ourimbah. It consciously re-oriented its program to labour market and vocational education in response to the economic conditions of the Wyong and Gosford local government areas and what it perceived as a declining demand for its adult education program. The general program has been losing money for a number of years and is heavily subsidised by the college's vocational and labour market programs.

The City of Gosford is the more affluent of the two local government areas served by the college and accounts for the majority of the college's general adult education program. In contrast, Wyong Shire has a higher proportion of people on government benefits and provides the majority of the college's government-funded labour market and employment programs. Both Wyong and Gosford have a retired population above the state average of 20 per cent, with some areas as high as 36 cent. Unemployment in the region is generally higher than the state average, ranging between 11 and 13.2 per cent since 1992 and reaching 15 per cent in 1995. A more detailed account of the Central Coast's economic characteristics and the Central Coast Community College can be found in the 1995 report *ACE Works*.

Central Coast CC operates on a more intensive pattern than it did in the late 1980s when the current College Director took up his position. At that time the college operated over three terms of ten weeks, with all classes held in the evening, plus three weekend programs offered over the year. In 1995 it was operating day and evening over four eight week terms and nearly every weekend of the year. The main Ourimbah campus opened for 88 hours every week for 49 weeks.

Between 1991 and 1995 college income grew by 265 per cent to total $1.470 million. Similarly its expenditure has grown rapidly to nearly double between 1993 and 1995 when it totalled $1.469 million. In 1995 CCCC received 37.4 per cent of its income from Commonwealth Government grants, mainly associated with labour market programs, 43 per cent from student fees and 19.6 per cent from grants allocated by BACE. Despite this growth the college is confronted by the uncertainty associated with cuts in the Commonwealth's labour market funding. The main reason given for the relative decline in the general program was the combination of economic recession and the need for so many of the Central Coast's population to put in long travelling and working hours associated with commuting to Sydney.

Sydney Community College (SCC) has opted for an approach to income generation that is quite different

ACTIVITY AND INCOME SNAPSHOT OF FIVE ACE PROVIDERS - 1995

	Enrolments	SCH	Average SCH per Enrolment	Total Income $'000	BACE Grants as % of Total Income	Other Govt Grants as % of Total Income	Fees as % of Total Income
Forster-Tuncurry AEC	807	6805	8.43	74.2	48.7	5.7	45.7
Tamworth AEC	1567	24681	15.75	230.7	47.3	0.6	52.1
ACE North Coast	4101	71677	17.47	1738.2	25.9	52.5	21.6
Central Coast CC	5855	80553	13.75	1470.1	19.6	37.4	43.0
Sydney CC	15818	246975	15.61	1872.2	41.0	0.0	59.0

Table 20

from that of the other two colleges. Its income profile in fact resembles that of the small providers in that it relies totally on a mix of Board funding and student fees.

SCC earns a much higher proportion of its income from student fees - 59 per cent of its total income of $1.872 million - with the remainder made up of various BACE grants. It has successfully introduced a stylish magazine format to promote its programs which is targeted at a much younger audience than is normally associated with ACE. As a result the college has a much younger age profile than other centres, with highest participation rates in the 15 to 34 age groups. This approach was taken in a deliberate attempt to build client loyalty, expecting that if students were satisfied with the programs they would identify with the College's style and continue to return in the future.

The College receives no grants from the Commonwealth or from other State Government bodies. The College Principal explained that it was a 'conscious decision to have such a high proportion of student fees. We decided not to go down the labour market program road as they are very insecure'.

Each of the ACE providers has managed a mix of income which reflects the diversity of the ACE sector and the different strategies pursued by ACE providers in response to their local communities, their infrastructure capacity, and their business planning.

Some conclusions can be drawn from the provider examples:

- The component of the providers' incomes derived from their relationship with the NSW Board of ACE ranges from 23.6 per cent to 53 per cent.
- An even bigger range occurs in these providers' reliance on student fees where the proportions range from 16.2 per cent to 73 per cent.
- Three of the providers (Forster-Tuncurry, Tamworth and Sydney) depend almost entirely on the NSW Board and student fees for their income, while two (Central Coast and ACE North Coast) have built up sizeable labour market programs. The risk in the future for the latter two is the uncertainty surrounding on-going labour market program funding.
- While all five providers draw significant income from the NSW Board of ACE, it is evident that the two small CAEC providers depend on the Board's funding to a much greater extent for their on-going existence.

Finding a market: expenditure patterns

It is much more difficult to compare expenditure patterns as each centre records its expenditure items in different ways, a trend already noted in Chapter Four. The figures listed in Table 21 therefore should be treated as indicative only. To achieve useful comparative data would require ACE providers to use common accounting methods; this could be a matter for discussion between the Board and providers.

An issue that arises is the extent to which providers are able to effectively use their current accounting methods to present a clear picture of their organisation's current financial position and to assist in their strategic planning processes. In the case of Sydney Community College they were able to decide not to pursue labour market funding after analysing their financial position and integrating it into their planning. In other cases, such as ACE North Coast, there are detailed line item costings of all program areas. This shows for instance the contribution each program area makes to administration and the cross-subsidisation of unprofitable courses.

It is unclear how widespread such practices are but providers and the Board would all benefit from further attention paid by providers to the following: whether providers are able to state their 'fixed' costs; how they determine what those costs are; what they fix as their realistic overheads; whether they utilise cost centres or program budgets; how they monitor expenses and income, and how they organise future planning.

The major items of expenditure for the five providers as listed in their annual financial statements are wages and salaries, promotion and publishing, depreciation, rent, course materials, general administration, and maintenance. The first two items make up between 64 and 73 per cent of the providers' outlay. Comparison of major items of expenditure indicates that while there are differences in spending patterns among the providers, the two largest expenditure items are wages and salaries, and promotion and publishing. It is interesting that the two smallest providers spend more in these areas

EXPENDITURES OF ACE ORGANISATIONS (%)

	FORSTER-TUNCURRY	TAMWORTH AEC	CENTRAL COAST CC	SYDNEY CC	ACE NORTH COAST
Wages and Salaries	56.7	68.1	57.7	54.3	61.3
Promotion and Publishing	12.5	5.2	6.8	13.7	6.9
Depreciation	4.2	1.7	8.5	3.4	9.8
Rent	0.4	6.4	1.1	2.5	5.9
Class Materials	5.4	6.2	6.5	1.0	1.6
General Administration	not itemised	1.3	3.8	not itemised	not itemised
Maintenance	1.4	1.4	2.8	1.3	0.8

Table 21

than the three larger colleges.

Table 21 provides some information on the major items of expenditure for the five providers. For all providers wages and salaries make up the single largest expense, ranging from 54 per cent at Sydney Community College to 68 per cent at Tamworth AEC. Promotion and publicity generally includes marketing and is the other large expense item for most ACE providers. The figures in Table 4 reflect the different marketing strategies adopted by the providers. Sydney Community College has devoted considerable resources, twice that of Central Coast CC and ACE North Coast, to its marketing strategy, features of which were the College's four term brochures and directly targeted publicity.

Other notable differences such as rental costs reflect the environment within which the centres operate. For instance, ACE North Coast uses primarily rented premises because it needs specialised facilities for its labour market programs. In 1995 it spent $84,000 on rent - 5.9 per cent of its total expenses. It has also made a considerable investment in modernising and equipping Lismore's old shire council hall to serve as both an administrative centre and a high quality educational facility. This investment was necessary as part of the college's efforts to project itself as a labour market program provider and potentially a provider of fee for service training for other clients.

By contrast Sydney Community College, which mostly uses school premises, has much lower rental costs. Tamworth AEC in 1995 had comparable rental outlays to ACE North Coast but this was a 'one-off' expense as it included the amortisation of capitalised leases and it now owns its main facility.

For other ACE providers these charges are largely met by the owners of the rented premises. The conditions of Central Coast Community College's occupation of the Ourimbah campus releases it from rent but requires it to meet higher maintenance expenses than other providers.

Consideration now needs to be given to the 'in-kind' support that each of the providers obtains from its community and from the NSW government through the Board of Adult and Community Education.

The hidden costs of providing ACE: in-kind contributions

Providers were asked to comment and provide information about various sources of in-kind contributions to their centres. An 'in-kind' contribution refers to any non-financial means by which a community or government assists an ACE organisation to deliver its educational services. It is important that such contributions are counted as part of the cost of providing ACE services and as part of the value of ACE.

Three types of 'in-kind' contribution were identified. First, community in-kind contributions may take the form of premises, materials or services made available free of charge or at discounted rates by local people or bodies. They include the work of community management committees, often unpaid, that is done to ensure that the centre operates effectively and in accordance with its constitution and the requirements of authorities.

The second type is that provided by government. This refers to the value of the Board's activities as a broker or agent for the sector, for example in securing resources for providers or agreements such as those negotiated on the use of school premises.

Finally, there is the in-kind contribution made by the providers themselves. Important examples are the funding of concessions on course fees for some students and the cross-subsidisation of courses for equity reasons.

Community in-kind contributions

The type and quantity of 'in-kind' community contribution to the management and operation of the different adult education centres vary according to the size of the organisation. The degree of voluntary assistance from the community is less noticeable for the large college providers. The physical and human resources available to the Forster-Tuncurry and Tamworth AECs are very different from those of the three Colleges.

Forster-Tuncurry Adult Education Centre is located within the sprawling Great Lakes Council area which stretches from Hawks Nest in the south to the outskirts of Taree in the north. Of the 26,000 people living within the council's boundaries, 14,500 live in the Forster-Tuncurry area. The Centre had a 1995 enrolment of 1002 students.

The area attracts many retirees and its demographic profile is very different from Sydney's. It has an ageing population and a high level of unemployment.

The Coordinator is employed for 20 hours per week and is supported by a clerical assistant for eight hours each week. In-kind contributions take different forms. For example, the Secretary of the Management Committee, as well as attending Committee meetings, spends half a day a week, often more, regularly attending external meetings such as regional, sub-regional or cluster meetings, and represents the centre for activities such as Adult Learners Week. The Honorary Treasurer prepares salary payments, accounts, and group certificates.

At each of the four term enrolment periods three volunteers staff the enrolment desk each morning for the week under the supervision of the centre coordinator who is on hand to answer queries and provide advice.

Another example given of 'in-kind' contributions was the reduced rates of pay that ACE tutors will accept to the point where occasionally a tutor will conduct a class for no payment.

The local council provides an 'in-kind' contribution by providing the centre's office for a rental of $5 per week and paying the electricity costs. This small brick building is in the main street of Tuncurry on what would otherwise be a prime commercial location.

In return, the Centre manages the rooms which other community groups also use and over the years has maintained and improved the facilities by painting, building an access ramp, installing air conditioning and heating, and adding a small new room. This arrangement is based on an exchange of letters giving security of tenure for a five-year period. The market rental required to replace this arrangement would be more than $200 per week. In addition to the Manning Street premises the centre uses the local secondary and primary schools, an aquatic centre, Skillshare and a guide hall to conduct classes.

Local businesses also make a contribution to the centre by sponsoring the course brochure, advertising their assistance under the slogan '*supporting adult and community education*'.

Tamworth Adult Education Centre is a CAEC which evolved from the New England Regional Evening College. Before the Regional College became a CAEC, it ran programs at Armidale, Ashford, Inverell, Narrabri and Nundle. The Centre's management committee responded to financial difficulties in the early 1990s by restricting its operations primarily to the immediate Tamworth City area (population about 50,000), where it now conducts 90 per cent of its courses. It still runs one course at Armidale and a few at Nundle. Apart from Narrabri, where Barraba Adult Education runs some courses, the other New England towns now have no ACE programs.

The change of status from regional evening college to community adult education centre meant that the Centre avoided having to pay the newly agreed award salary required for a College Principal. In 1995 in a further step of financial consolidation the management committee decided to purchase the premises it had been renting, thus relieving itself of an annual rental fee and ensuring continued access to a small number of teaching rooms and office space.

In 1995 the Tamworth AEC employed a full time coordinator and had 1,532 enrolments. Like Forster-Tuncurry, it is managed by a voluntary Management Committee although the day to day responsibility is undertaken by the coordinator. The

Centre uses Tamworth Community Centre, which provides pleasant surroundings, but it does not receive any priority for access or any discount as a community provider. It pays a per hour rate plus a security fee. Other community facilities used are the local RSL (for a bar course), the local Catholic school and Tamworth Base Hospital.

Central Coast Community College straddles the two local government areas of Wyong Shire and Gosford Council and services a population of over 270,000 people. It is one of the fastest growing population areas in NSW and almost half of the regions' working population commute by road and rail to Sydney each day.

The College conducts courses on 12 sites throughout the Central Coast and enrolled 5,845 students in 1995. The main site is the Ourimbah campus which is owned by the NSW Government and managed by the University of Newcastle, but it also uses three schools and eight community venues.

The community venues vary in the rates they charge, although in general the College pays $10 per session. The venues are mostly administered by local Council-sponsored community-based committees, known as '527 Committees' after the local government ordinance under which they operate. The only voluntary labour is that provided by the Management Committee whose members oversee finances and accounting, attend forums on college development, contribute to Quality and Curriculum Sub-Committees, and attend conferences and Regional Council meetings.

ACE North Coast is a regional ACE provider operating nine sites throughout the north coast of NSW in towns from Coffs Harbour to Ballina and inland to Casino. Its head office in Lismore, the former shire council premises, is centrally located in the town's main business and shopping district. In 1995, 4,101 people enrolled in the college's courses.

Perhaps because of its success in establishing its presence and operating a large labour market program, the College does not always derive the usual benefit from being a community-based provider and some members of the business community regard it 'as a business'. The local television network, for example, does not give the College a discount for advertising because it charges for its courses. As a large labour market provider it is also identified by some participants as being 'part of government'.

The scale of the organisation at ACE North Coast is vastly different from that of the smaller providers. For example, it employs 40 staff in either an administrative or management role, and pays more in rent for three sites at Lismore, Coffs Harbour and Tweed Heads than Forster-Tuncurry's total annual income. As a result, most of the College's administration, planning and policy development functions are undertaken by paid staff.

Sydney Community College with its office and main site in inner city Leichhardt conducts courses at 17 sites in inner western Sydney, 10 of which are community-owned centres. These include neighbourhood centres, dance studios and tennis centres, RSL clubs and the Leichhardt Park Aquatic Centre. In 1995, it enrolled 15,818 students.

The College Council is regarded by the Principal as 'a very valuable resource' whose members provide a mix of skills and experience. This is a the result of a specific strategy to ensure that the Council has access to business acumen and educational experience in other sectors (through a senior TAFE representative) as well as ACE. Recent examples where this experience has been beneficial to the College have been in the negotiation of a new enterprise agreement and in securing the lease of a former Catholic school as a dedicated adult education site through negotiations with the local council.

Government policy contributions

Government has provided important 'in-kind' services through the Community Use of Schools policy and negotiations related to tax benefits conducted by BACE on behalf of providers. Another key benefit was the introduction of BACE policies and procedures related to accredited vocational education and training programs, which well exemplifies ways in which the Board exercises and combines its advocacy and research functions, its position as a government authority and its emerging role as a broker of funds on behalf of ACE as a group of providers.

Other policies which have been developed and introduced, such as the ACE-TAFE Strategic Plan, and the assistance and support provided to local ACE providers by the nine Regional Councils of ACE received little attention in the case study interviews.

All the providers interviewed make use of public school facilities to conduct courses and one, Sydney Community College, has its office and computer facilities in a school. However, all expressed frustration in obtaining satisfactory use of the school facilities as outlined by the Community Use of Schools policy.

In most cases providers experienced inconsistent applications of the policy, enjoying good working relationships with some school Principals and difficult relationships with others. Schools in the Central Coast charge higher rates than those outlined in the formula and in the North Coast, the College is placed low down on schools' priority lists, making it very difficult to gain access in some towns. In Forster the rates charged by DSE are higher than those levied by other community organisations which have more appropriate facilities for adult learners. In general, Forster Tuncurry CAEC only uses school facilities for computer courses, making the Community Use of Schools policy less relevant than for other ACE providers. In practice, the policy is 'all worked out on the ground.'

In Tamworth, according to the Coordinator, the CAEC has a good relationship with local school Principals and the TAFE Principal, although TAFE would not provide access to its computer facilities as it saw the ACE centre as being 'in competition' with TAFE in this area.

Sydney Community College uses six different school sites and in general its experience has been positive. The College is supportive of the policy which allows for 'impact costs' to be charged which must make using school facilities below market rates. However, one school refuses to allow the College to use its facilities whereas Marrickville High School, which sees itself as a centrepiece of the community, welcomes adult education involvement.

All the ACE providers concluded that while the policy was good in principle in the end the practice depended on the relationship with the individual school Principal.

ACE providers have received substantial benefits from being recognised as linked to government, albeit in an indirect way. Their position as Main Providers authorised by the NSW Board of ACE has given them tax relief benefits negotiated by the Board on their behalf and access to various government services.

A major benefit has been the exemption from payroll, sales and company taxes by reason of their status as government-supported community-based providers. The exemption from sales tax on items of expenditure such as cars, equipment and materials is a particularly important benefit. Also because of their relationship with BACE, providers have access to the Government's stores facility, Q Stores, and government advertising rates.

However, perhaps the most significant benefit of their relationship with BACE for the majority of ACE providers in recent years has been through the introduction of accredited vocational education and training arising from national training reforms.

BACE made successful representations on behalf of NSW ACE providers in 1992 on the grounds that they were contributing to the vocational education and training of adults, supporting its submissions with the results of commissioned research into the vocational scope of ACE. As a result, the Board received Commonwealth Growth Funds for distribution to ACE providers in 1993.

In following years the Board gained access free of charge to Victorian Crown copyright accredited curriculum for use by NSW ACE providers and arranged with another government authority, the NSW Vocational Education and Training Accreditation Board (VETAB), an umbrella accreditation of that curriculum. This arrangement enabled ACE providers to then submit for tendered programs conducted by other State and Commonwealth training bodies.

Subsequently, as NSW legislation changed, the Board provided advice and subsidised providers' applications to become registered training providers. Achieving this registration enabled providers to access tendered programs for which registered status was a condition of application. Providers acknowledged the importance of this work.

The Coordinator of Tamworth AEC noted that 'the Centre's ability to access funds and deliver courses as part of national training reform had only arisen due to the Board's initial work on VET'. Another Principal stated that there 'had been clear value in VET over a period of time. Raising the profile of the sector generally had very real and quick financial returns.'

The benefit to a provider of such a cooperative and strategic relationship was that it allowed ACE to be more accurately promoted as a provider of VET despite its common image as a provider of leisure and hobby courses. The importance of a college being registered as a training provider and thereby eligible to tender for other government programs is typified in the case of ACE North Coast where Commonwealth-funded labour market programs account for more than half of its 1995 income.

Providers also gave as examples of non-monetary in-kind contributions the Board's development of accredited professional development programs such as the Certificate in ACE Management, the development of the ACE Quality Strategy and the promotion of ACE to other policy makers by way of research and submissions.

Provider in-kind contributions

There are four areas of hidden costs incurred by providers in ensuring the availability and delivery of adult and community education. These are:

- unpaid labour by ACE employees
- cross-subsidisation of general adult education
- the cost associated with tendering for program funding
- the costs associated with providing concessional fees.

All providers referred to the services provided by staff, additional to their contracted duties, for which they were not paid. This was particularly the case with the small providers where the coordinators were engaged on a part-time basis or at a rate below comparable positions in other education settings.

Considerable out of hours work was contributed by way of promotional work in the local community, planning days, representing the centres on local and regional committees and peak and professional associations. Much professional development is also undertaken outside working hours although the larger providers are now budgeting for professional development.

Unlike other post-school education providers, ACE centres have not traditionally been able to pay for curriculum development. The cost involved in curriculum development has generally been borne by the tutors as they do their own curriculum development and bring the program to the centre ready for delivery.

In a new development Sydney Community College, as part of its recently negotiated enterprise agreement, has set one common rate for all teaching. The tradition in ACE, as in TAFE, has been for teachers to be paid different rates according to the subject area.

The enterprise agreement at Sydney Community College will result in teachers being paid at the highest level of the previous three tier rate. In return all tutors will be involved in program development and review and will be required to obtain minimum accredited teaching qualifications. The College will fund ongoing professional development.

At ACE North Coast all staff have been allocated a staff development budget and the expectation is that all these funds should be used. These moves reflect the increased recognition by ACE providers that attracting government funding and consistent student enrolments require a quality program delivered by professional, and therefore well paid, staff. It also gives practical expression to the commitment to lifelong learning and an organisational learning culture promoted by ACE.

Cross-subsidisation is the second major hidden cost of the general program and is common practice with most of the providers studied. It involves funds raised from popular courses or courses which can be charged at a 'market' rate subsidising other general courses. The type and quantity of cross-subsidisation varies.

In the smallest provider, at Forster-Tuncurry, the scope for cross-subsidising general courses is limited and where it does exist it occurs within the general program. The small accredited VET program comprises four computer courses over the year and is self- supporting. Money raised from popular courses such as line dancing or golf enables other less popular but important courses to be offered. These include short courses in areas such as dementia information, women's incontinence and cardio-pulmonary resuscitation, as well as a euthanasia study circle, none of which would be available otherwise but which make an important contribution to the community's education.

The situation is quite different at the two larger regional colleges. At Central Coast Community College there is a constant cross-subsidisation of the general ACE program by all other programs, estimated to equate to a value of $100,000 per year.

When asked why they cross-subsidise and why they do not let market forces operate and allow the general program to contract if it cannot support itself, the Principal replied that 'the raison d'etre of the college is its general program'. He suggested that Central Coast CC was typical of the ACE sector as a whole which was in a state of flux, moving from one thing (the general ACE program) to something new, and trying to redefine itself and identify where it is going. This is not a contentious issue as the general feeling among college staff and the committee is that ACE is extremely valuable and although it is heading in new directions it is important to maintain the original intent.

At ACE North Coast the Principal reported large subsidies worth $85,000 to the general program and the Aboriginal program, and for college infrastructure support.

Tamworth AEC and Sydney Community College have paid less attention to the issue of cross-subsidising the general program. The Coordinator at Tamworth explained that all courses are costed according to expenses incurred in running the course and enrolments in courses must reach a minimum number. 'The cross-subsidisation is done generally: that is, courses with larger numbers cross-subsidise those with lower enrolments.'

At Sydney Community College, 'cross-subsidisation is not really an issue. To lose tens of thousands of dollars on the general program is bad business', according to the Principal. In his view labour market programs 'were always going to be insecure.'

'We've taken ten years to develop a customer base. We're trying to identify with a person's lifestyle. So we're not aiming at the same people who go to WEA, Sydney Institute of Technology or the University of Sydney's Continuing Education program - they are a different clientele. We are trying for organisational loyalty. Sixty per cent of clients come back to us at some point.'

The age profile of participants at SCC reflects this orientation towards a particular customer base and lifestyle. The largest age group of participants is the 25 to 30 year bracket, followed by the 15 to 24 year olds.

Tenders, barriers and unmet demand

The third area of hidden costs which place burdens on ACE providers is associated with the increased importance of tender-based funding. Again it is the smallest providers which find themselves in something of a dilemma as they need the funds to improve their organisational resources but it is the limited nature of these resources which makes them unable to compete for the funds.

While this is also a consideration to some extent for the three larger providers, it is the smaller providers like Forster-Tuncurry AEC which have little prospect of being able to overcome this barrier. The coordinator and secretary in fact claim that Forster-Tuncurry has 'reached a point where it could not get beyond the barrier'. With their current resources the coordinator is struggling to keep up with existing reporting requirements, making it almost impossible to complete extra submissions and tenders for other grants. It was argued that bureaucratic demands were preventing the centre from developing community programs unless they acquired additional staff. 'We want to continue to expand. It's a high growth area with an ageing population and we need to expand to meet their needs. However, the centre has reached its limit and we won't be able to expand the program, notably in areas of need such as literacy, without additional resources'.

Similar problems were experienced at Tamworth AEC where the biggest problem was cited as time constraints and the demands of being a sole worker with phones ringing and constant inquiries. Despite its modest program there appears to be a growing demand for accredited vocational programs and a small but emerging demand for fee-for-service training which so far has included a computer course for Tamworth City Library and three one-day Communications workshops for State Forests in Walcha. In 1995 the Centre also conducted a Workplace English Language and Literacy (WELL) course through the local Chamber of Manufactures.

The Centre Coordinator expects the 1996 program to double in 1997, reflecting the already high demand for existing short courses in keyboarding, word processing, spreadsheets and medical terminology as well as the Certificate Course in Child Care - Centre Based.

The Tamworth experience typifies the difficulties a small provider has in breaking through the limitations of its resources to meet a community's education needs. There is, according to the coordinator, a large unmet demand for literacy in the Tamworth area. In 1993 the Centre applied for $69,000 to conduct a literacy program and received $13,000 from BACE. There is also unmet demand in nearby towns such as Armidale, Ashford, Inverell, Moree and Nundle which the management committee is not confident can be met by Tamworth AEC.

The Central Coast, North Coast and Sydney colleges also all point to unmet demand for adult education and training in their areas, although the factors differ and each gives different examples of the problem and different strategies for meeting the challenges.

ACE North Coast is concentrating on developing the experience required to win tenders - 'to get the runs on the board'. It is changing its orientation, focusing on professional development and responding to demand for business skills. According to the Principal, this 'reflects the evolution of the sector'.

Sydney Community College is moving into new premises which will offer more appropriate adult education facilities and offer greater flexibility in course delivery and scheduling.

The situation is tighter on the Central Coast where, according to the Central Coast CC Principal, there is intense competition, including price competition, among ACE providers and other (private) providers.

> *'It is difficult to increase participation in the College's program due to a number of factors. These include previous educational experience, generally low levels of household income (Wyong Shire has one of the lowest levels of household income in NSW) and the fact that the people of the Central Coast population are very busy as 50,000 people commute to Sydney each day arriving home either too late or too tired to attend evening classes. Yet there is unmet demand for adult education and training in the area.'*

All the providers interviewed expressed a commitment to equity principles and have introduced policies and strategies aimed at increasing access and provision for equity groups. All have a concessions policy.

The precarious nature of concession policies however is best illustrated by consideration of the 1996 participant profile at Forster-Tuncurry. Here half of the centre's students claim the fee concession which is available to those on a pension, family allowance or unemployment benefits. It cannot afford to extend the concessional fee to those on a seniors card.

In 1996 the centre was moved to a higher BACE funding band for allocation of the Main Provider Grant and as a result increased its concessional discount rate from 10 per cent off the advertised price offered in 1995 to 25 per cent. This succeeded in increasing the number of people applying to enrol who would otherwise have been excluded and the number of people seeking the concession increased from 34 to 50 per cent. However, the increase in claimants resulted in a drop of $1,000 in income and the concessional rate is to be reviewed.

Tamworth Adult Education Centre offers a 15 per cent discount to holders of a social security or health care card, but not for the seniors card. In 1995, 16 per cent of its students received the concession. According to the Coordinator, 'the disadvantage component of the Main Provider Grant is eaten up by the concessions', and the centre could not afford specially targeted provision because of the cost involved.

The Principal of Central Coast Community College believes that the difficult economic times of recent years have made concessions policies more difficult to fund. 'The College has a philosophical commitment to equity of access but it's become more difficult. If you don't have the money you can't run equity. The numbers able to be helped have declined. We went from a policy of 50 per cent concessional rate to 15 per cent in 1995'. The concession is available to those in receipt of unemployment and other welfare benefits, the pension, and Austudy.

In addition to concessions, the College offers incentives to students to continue participating. 'For anyone unemployed or funded by the government to attend a course we offer free attendance at any additional course over the next year. There are also concessions for anyone enrolling in a continuing language class'.

The area's demography and the level of course fees are offered as the main reasons preventing further expansion and increased participation. In recent years other labour market programs have been used to cross-subsidise the general program; however, the changes announced by the Federal Government will mean that avenue will close. The Principal was concerned that decreased government funds would raise fees and therefore reduce participation. 'It's the market that stops us broadening our participant profile. On a user pays basis we can't offer courses to those we want to get to,' he said.

There is a lower level of concessions taken up at both ACE North Coast and Sydney Community College. ACE North Coast offers a $5 discount to social security card and seniors card holders and college staff will personally negotiate discounts for prospective students. Fewer than 10 per cent of students claim a concession.

The Principal of ACE North Coast believes that the college is doing a lot of work with young unemployed and Aboriginal people in the area. He referred to the Tasmanian government policy on concessions and rebates which provides for a 50 per cent rebate of fees from the government and 30 per cent of students claim. 'Equity means subsidising those who can't afford it and it costs money', he said.

Sydney Community College offers concessions to holders of the seniors card as well as to those on a benefit. The concession is 25 per cent off the course fee up to a maximum of $25. In addition, five days before a course cut-off date any vacancies are available at a 50 per cent discount. Fewer than five per cent of participants claim the discount.

The Principal at SCC believes that increasing equity has to be a long-term project as short-term grants often turn out to be a disappointment, citing as a case in point SCC's Access Project, a winner of a 1996 Adult Learners Week Award for Innovation which was funded by BACE as a model equity project but ceased operation when the funding cut out. 'Though well meaning it was a great disappointment. It cost $100,000 over two years and it drew 120 students with disabilities into mainstream programs. The College can't sustain such a cost over the years'.

Another example of the financial and staff cost involved in increasing participation and equity relates to the inner Sydney suburb of Waterloo. Waterloo/Redfern is an area where the college has had very little impact in spite of the fact that, with the lowest per capita income of any urban area in Australia, this is an area of great need. 'Yet we couldn't focus on them with our resources. I'd have to devote someone to work there for two years with the community just to find out what, if anything, is needed there,' said the Principal.

The experience of the five providers with their different concessions policies indicates that financial incentives are one factor which could lead to an increase in enrolments by those sections of the community not currently participating. There is, however, increasing pressure on the colleges and centres to continue to focus their activities on those with the ability to pay, who traditionally make up the ACE clientele. It is a pressure that is at odds with long-term strategies aimed at making a significant difference to the existing ACE profile.

Chapter Six

funding and equity issues

The differences among providers in their income, level and nature of activity and expenditure may be due to a combination of influences including the socio-economic profile of the catchment area of the provider, the funding policies of the Board and other government agencies and the decisions of management which shape the organisation and its directions. Equity issues in the delivery of ACE are implicated in each of these factors.

The Board's funding policies recognise that ACE has a responsibility to meet the special needs of groups such as people with disabilities, indigenous Australians, people from a non-English speaking background, rural and isolated women and the unemployed.

Research has reinforced the importance of equity objectives by showing that participation in general adult education in ACE is predominantly by people who are employed, qualified, and within a certain age range, leading the Board to encourage providers to take steps to bring greater numbers of people in 'equity groups' into courses. It has done this through both strategic initiatives in planning for community needs (for example, the literacy funding model) and through an equity program.

As providers frequently assert, the nature of their community catchments may greatly influence the kind of participation that takes place. A range of demographic, social and economic factors can have an impact on the delivery of ACE services to an area, precisely because ACE is in part resourced through cost-recovery and user-pays funding. Population density, the relative affluence of residents, their occupations, educational levels and extent of labour force participation, as well as a range of cultural factors including language, influence whether people choose to participate in ACE (or any form of post-school education and training) and whether they can afford to do so.

An ACE organisation may decide to make increased participation by 'non-participants' a strategic direction and target a particular group that is strongly represented in the community, or otherwise take steps to accommodate the needs of such groups, including making provision for the capacity of such students to pay.

Thus, the analysis of income, activity and expenditure in the previous chapter raises questions about the effects of the location of providers on the economics of the organisation. The question has also been posed as to whether and to what extent existing funding arrangements have acted as a disincentive or an incentive to equity. The process of answering such questions is a complicated one.

There are difficulties in analysing equity issues in relation to the income, activity and expenditures of providers and it is therefore useful to have a guiding model to organise thinking about the complexities involved. The model in Figure 5 suggests that:

- there are three important *domains* of information to be considered: the provider and its income and activity profile; the geographic area, considering both the level of analysis (postcode, local government area or region) and the kind of socio-economic indicators which are considered to be relevant; and the characteristics of ACE participants, including age, gender, educational level, course enrolled in, employment and area of residence.

- there are *relationships* between each of these domains: the nature and extent of ACE participation in an area; the nature of the participants attending a given provider and how this reflects their catchment population and its socio-economic character; the nature of localities and the extent to which the equity groups represented in the area are participating in ACE or other VET providers.

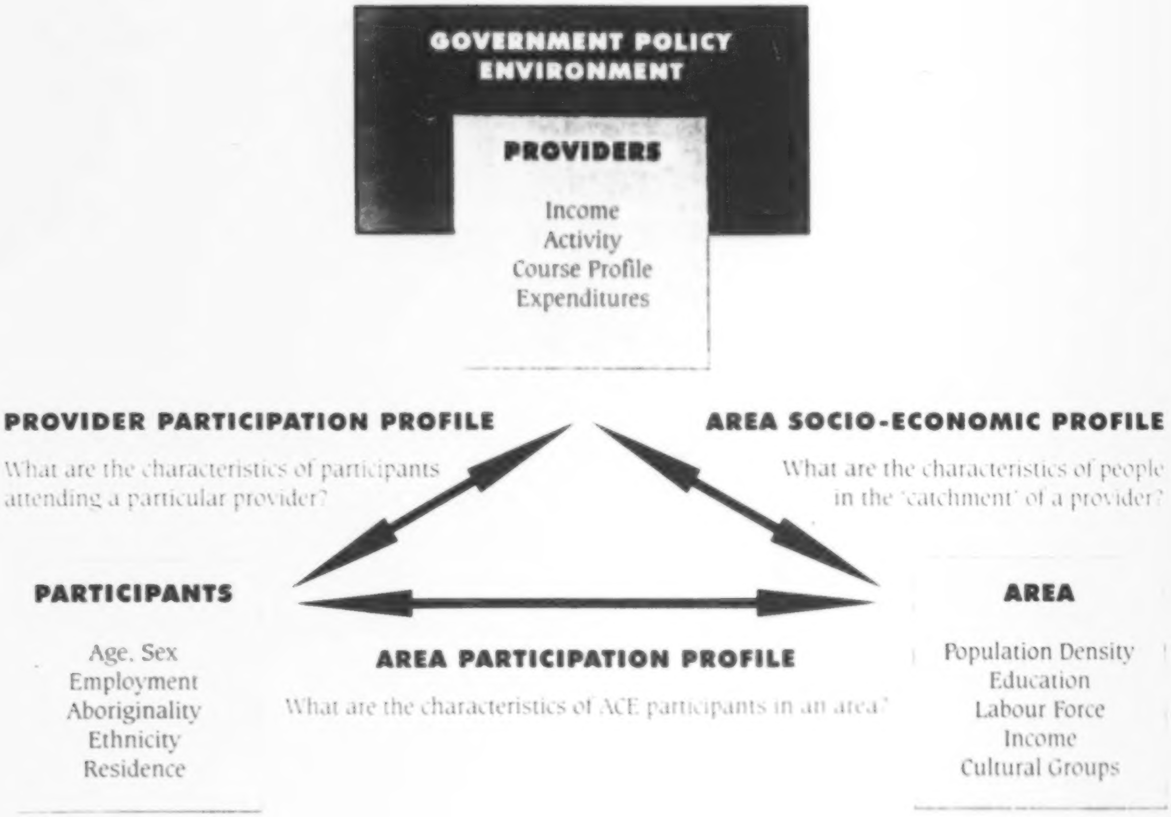
GOVERNMENT POLICY ENVIRONMENT
PROVIDERS
Income
Activity
Course Profile
Expenditures
PROVIDER PARTICIPATION PROFILE
What are the characteristics of participants attending a particular provider?
AREA SOCIO-ECONOMIC PROFILE
What are the characteristics of people in the 'catchment' of a provider?
PARTICIPANTS
Age, Sex
Employment
Aboriginality
Ethnicity
Residence
AREA PARTICIPATION PROFILE
What are the characteristics of ACE participants in an area?
AREA
Population Density
Education
Labour Force
Income
Cultural Groups

Figure 5

In this model, a provider's income and activity are influenced by a complex of factors in its environment. These include, but are by no means confined to, the funding policies of the Board and other government agencies. The organisation takes strategic decisions in the light of these policies, the socio-economic character of the catchment area and assumptions about the kind of participants likely to enrol in the ACE programs. The interaction of these factors is dynamic, and the model can only suggest some of the forces that affect equity; for example, the effect of a provider aiming for a given 'market' and taking strategic decisions to promote its services to certain groups of participants. This has consequences for its fee income, the avenues of program funding pursued and the kind of people who make up the participant profile, the extent to which equity groups are represented, and so on.

There are several concepts and issues employed in any analysis of these relationships. These will be referred to in the following sections. They include:

- *The concept of a catchment.* What is the nature of the 'catchment' of a provider? This question is really one of the area served by a given provider, as reflected by the home postcode of students attending courses.
- *The character of the catchment.* What are the social, economic and demographic characteristics of the postcodes making up the catchment? To what extent do participants come from different parts of the catchment?
- *The profile of participants.* What is the profile of participants from the catchment in terms of their age, gender, educational level and workforce participation? Are certain groups who are represented in the catchment also enrolling in ACE?
- *Factors affecting participation.* What are some of the social, economic and demographic factors that might explain the profile of participants and the

SOME SOCIO-ECONOMIC INDICATORS FOR EQUITY ANALYSIS

Population Density	Size of the potential catchment of an ACE organisation - a potentially limiting factor
Labour Force Participation	Proportion of the population aged over 15 in the workforce (includes those looking for work)
Unemployment Rate	Proportion of those in the labour force looking for work (ABS defined), 1991 base
Unqualified	Proportion of the population aged over 15 who do not hold a post-school qualification
Early School Leaving	Proportion of the population who left school at 16 years of age or younger
Language not English (LOTE)	Proportion of the population aged over 5 years speaking a language other than English at home
ATSI Population	Aboriginal and Torres Strait islander people, as a proportion of the population
Occupation Groups 123	Proportion of those in the workforce who are managers, professionals or para professionals
Household Income	Proportion of households having an income of over $50,000 in 1991

Table 22

activity of the provider?

- *Factors affecting the economics of delivery*. To what extent do the characteristics of the catchment population affect the nature of the provider's costs and its ability to generate income, and how do these then affect the profile of participants?

One aim of an equity analysis is to examine relationships between the costs of delivering ACE in an area and the characteristics of those to whom ACE is delivered. This calls for two sources of information - social and demographic data drawn from the census and information about participants extracted from BACE enrolment data.

Some indicators useful in examining equity are outlined in Table 22. These take into account several considerations. Some indicators may be useful as baseline indicators of demand for ACE services - factors which may limit or preclude delivery of ACE. These may include population density and the relative wealth of people in the area, as argued in *ACE Works*, (McIntyre et al. 1995, pp107-149). Other factors refer to social and economic factors known to be generally related to lack of participation in ACE (lower levels of educational qualification, employment and labour force participation, and occupational differences). These may lead to lower demand for ACE, lower levels of income generation from fees and higher course delivery costs.

There are numerous difficulties in using such indicators to analyse equity issues, including the fact that the most recent census data is for 1991. What indicators 'indicate' is open to question and there are some dangers of making generalisations about populations of people using limited data. Also, particular kinds of interpretations are being made in the present context of ACE equity. Thus throughout this chapter, indicators like 'population density', 'the proportion of population unqualified' or 'managers, professionals or para-professionals as a proportion of the workforce' are used to suggest possible factors in the demand for ACE, that might be reflected in a provider's level of fee income and activity.[1]

Some indicators correlate with each other. For example, 'unqualified' is associated with other indicators of educational level and with low levels of professionals in an area. It is argued that household income is a useful measure of the affluence of an area that may affect the capacity of an area to pay for ACE courses and hence the demand for ACE. Selected indicators can be applied to different levels of area analysis - postcode, local government area and region. In this chapter, area analysis will focus on postcode and region.

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[1] see note page 92

The conceptual model in Figure 5 suggests three points from which an equity analysis of ACE can be developed, each of which has something to contribute to an understanding of funding and equity issues. These are:

- Postcode participation analysis
- Provider catchment analysis
- Regional analysis

One form of equity analysis refers to participation in a given area - postcode, local government area or DTEC region. Area participation analysis uses the information provided in the BACE statistical collection in which a key item is the residential postcode of the participant. This allows analysis of ACE participation by postcode, irrespective of which provider is delivering the ACE course.

Questions about equity issues can be framed first in terms of the rate of participation in the area, measured by the number of enrolments for the population. This can be referred to as gross ACE participation. Participation implies access, but access does not, of course, imply equity of access. The question is not 'how much participation' but 'who participates' in ACE in the area - to what extent do ACE participants include the unqualified and unemployed, Aboriginal people, speakers of languages other than English, isolated rural women and disabled people?

The character of the area will obviously affect the numbers of people in these equity groups and test the ability of a provider to develop strategies and effectively increase the participation of people from these groups when ACE is part-funded on cost recovery through fees. Hence the assumption that equity issues and the demand for ACE in an area are linked in some way. The very characteristics which may indicate educational needs and require equity strategies are those which may operate to dampen demand for ACE services, for example rural isolation, low incomes and a lack of prior education.

There are further complications in area participation analysis. More than one ACE provider and more than one VET provider may be delivering courses for residents of the area, and this is a function of isolation and population density. Most ACE providers, with few exceptions, operate not in isolation but within an ecology of provision that includes the publicly-funded TAFE system and possibly private providers as well. ACE nationally provides less than 10 per cent of short course activity reported by people as having been undertaken in the last year, or about one quarter of short courses provided in institutions or by private tutors (McIntyre and Crombie, 1996).

Thus, options offered by other providers also influence local ACE participation and the extent to which equity groups are represented in a provider profile; this would be true for most ACE providers in the State. Ideally, area analysis would compare the equity profile of ACE to that of other providers serving the same area, to gain as complete a picture as possible.

Unfortunately, equity profiling of the kind suggested is limited by a number of factors. Centres are not required to report the single most important piece of information about educational level - whether students hold a post-school qualification. The data that is collected serves only as a limited basis for producing good indicators of equity. The NESB or LOTE indicator (see Table 22), for example, gives little information about whether these participants experience educational or labour market disadvantage associated with poor English language proficiency. A person of non-English-speaking background may have a high level of English proficiency and be qualified and employed full-time - in other words, be a typical ACE participant in all respects other than their cultural background. Similarly, educational disadvantage is the result of a combination of factors.

Also, 1995 was the first year when ACE providers collected and reported individual client data as specified by the AVETMIS Standard. The Standard was implemented through a phased approach with some key equity items - employment status and identification as Aboriginal or Torres Strait Islander or from a non-English speaking background - only reported for terms three and four. Consequently, the level of 'not stated' for these items was very high.

The analysis of area participation is therefore restricted to comparison of ACE participation rates. The 1995 data for participant residential postcode is very complete, with only six providers having 'non-stated' levels over 10 per cent, and only two of these (in the Western region) are unacceptably high.

Participation rates can then be examined in the light of a number of selected key indicators that might affect equity in participation, for example whether there are large proportions on higher than average incomes or with post-school qualifications living in the area. The equity question can then be framed in terms of whether the 'relative advantage' of an area is reflected in higher participation rates, and vice versa.

Table 23 shows some of the NSW postcodes with high participation rates, together with some selected socio-economic indicators, for urban and rural areas. The differences evident in this table highlight the need to examine closely how provider activity and income profiles relate to the socio-economic characteristics of an area. This is the focus of a later section, though selected indicators are used here to characterise postcodes.

- *Participation rate* refers to the number of enrolments in a postcode in 1995 as a proportion of the population aged over 15 in 1991. Because the older (1991) census figures for population are used, participation in 1995 will be over-estimated in areas of great population change, such as the North Coast or north-west Sydney. Also, because one person can enrol several times in a year, the 'participation rate' figure given is higher than the actual participation rate.

- *Population density* is a useful way of indicating the concentration of the 'catchment' population for adult and community education, and is the number of people aged over 15 per hectare.

- *Household income* is a useful measure of the relative affluence of the postcode. The index is the proportion of households which stated a household income of over $50,000 at the 1991 census.

- *Unqualified* refers to the proportion of people aged over 15 in the postcode who did not hold a post-school qualification at the 1991 census. This indicator correlates highly with other indicators of educational level such as the proportion of people who left school early, and it can be considered an index of the relative educational disadvantage of an area.

Taking into account a large possible error for those areas where there has been high population growth (asterisked), Table 23 supports a number of conclusions about factors affecting participation:

- There are postcodes in both city and country areas with high rates of participation. Some providers are clearly successful in generating ACE activity in certain postcodes.

- Different factors may be operating in city and rural areas, because there are marked differences in the relative affluence and population densities of postcodes with high rates. The relative affluence of the postcode, in terms of higher household income, is high in the city postcodes but low in the country.

- There are differences in the proportions of qualified people in the postcode areas; they are above average in the city postcodes and low in the rural postcodes.

Chapter Five showed that the main differences between the small rural providers and the larger metropolitan providers is in income and activity costs - the small organisations have higher levels of Board support per student, lower average general fees, lower fee incomes and a corresponding lesser capacity to generate fee income. Thus the high participation rates in certain rural areas (some of them isolated rural areas) reflect not only an active coordinator, but the existence of an ACE organisation made possible by Board funding in the first place. Their participation rates are, in one sense, a historical accident of adult education provision. In comparison, the high participation urban postcodes have large concentrations of people who demand ACE courses and who thereby support the high fee incomes of large providers and cost recovery for the service delivered.

In 1991 all of the postcodes in Table 23 had proportionally fewer unqualified people (higher proportions of post-school qualified residents) than did NSW as a whole (the value for NSW is 59%). Population densities are generally high. The proportions of households with income over $50,000 in 1991 are generally higher than for NSW (value of indicator 21%) and for Sydney as a whole (26%) and in some areas the proportion exceeds 40 per cent of households. The great majority of these postcodes are in the inner-city and northern suburbs.

Sydney regional differences are further explored later in the chapter.

POSTCODES WITH HIGH ACE PARTICIPATION - GREATER SYDNEY

	POSTCODE	PARTICIPANTS	POPULATION 1991	PARTICIPATION RATE %	POPULATION DENSITY	% UNQUALIFIED	HHI
Sydney City	2000	805	8361	9.6	18.3	38.1	25.2
Annandale	2038	748	7397	10.1	58.7	45.2	29.8
Rozelle	2039	700	6129	11.4	29.2	48.1	33.4
Leichhardt	2040	1622	18898	8.6	41.4	54.5	27.1
Balmain	2041	1593	12093	13.2	56.2	41.9	36.9
Newtown	2042	1258	13749	9.1	82.8	49.4	25.4
Erskineville	2043	315	3301	9.5	44.0	53.0	25.0
Drummoyne	2047	774	9574	8.1	44.3	48.4	35.9
Westgate	2048	533	5968	8.9	67.1	53.7	23.5
Milson's Point	2061	350	4475	7.8	69.9	44.8	30.2
Cammeray	2062	366	4353	8.4	31.3	43.9	39.2
Artarmon	2064	623	7877	7.9	28.0	44.9	38.2
Brooklyn*	2083	61	717	8.5	2.8	58.3	22.5
Mosman	2088	3549	23456	15.1	29.0	43.7	39.7
Cremorne	2090	1509	13741	11.0	48.0	41.2	40.5
Fairlight	2094	431	5217	8.3	32.8	48.3	32.3
Manly	2095	1333	13701	9.7	26.4	49.2	29.1
Palm Beach	2108	81	896	9.0	4.0	44.2	37.5
Carlingford	2118	1844	20247	9.1	23.9	51.9	40.7
Beecroft	2119	896	10517	8.5	15.6	41.2	47.3
Epping	2121	2135	20392	10.5	23.6	46.2	36.9
West Pennant Hills	2125	880	11265	7.8	12.8	48.3	49.3
Strathfield	2135	1445	15485	9.3	34.2	49.4	32.0
Concord West	2138	429	5042	8.5	15.3	55.0	30.5
Kellyville*	2155	318	1204	26.4	6.9	56.6	55.6
Annangrove*	2156	712	8740	8.1	2.0	48.7	45.2
Round Corner*	2158	453	5787	7.8	1.4	51.2	39.5
Woodford*	2778	125	1338	9.3	1.2	46.2	22.9
Hazelbrook	2779	219	2628	8.3	2.8	51.5	20.3

Table 23

** High growth rates where participation may be over estimated. Eastern Suburbs is omitted due to lack of data*

In contrast to the urban areas with high participation rates in ACE, rural and rural urban areas with high participation rates have dramatically lower levels of household income, lower population densities and higher levels of unqualified people. Postcode populations are small and scattered. This striking difference suggests that different factors come into play to stimulate participation in the country. As noted above, an obvious condition for ACE participation in the country is the simple existence of a Board-supported service.

Whereas all kinds of organised adult education opportunities do occur in 'advantaged' urban areas of Sydney with and without the State's intervention, it is doubtful if that can be said of ACE in the country.

Provider catchment analysis

Another approach to equity analysis is to map the catchments of providers using the proportions of enrolments recorded by a provider in each of the postcodes in 1995. This approach would identify the postcodes which make up the bulk of the provider's catchment and (ideally) discover from BACE enrolment statistics the profile of the participants and

POSTCODES WITH HIGH ACE PARTICIPATION OUTSIDE SYDNEY

	POSTCODE	PARTICIPANTS	POPULATION 1991	PARTICIPATION RATE %	POPULATION DENSITY	% UNQUALIFIED	HHI
Menindee	2879	388	735	52.8	0.0	72.9	7.5
Ivanhoe	2878	387	777	49.8	0.0	72.9	8.0
Pallamallawa	2399	105	338	31.1	3.4	75.8	9.3
Rylstone	2849	164	892	18.4	0.1	70.0	16.6
Barraba	2347	387	2252	17.2	0.0	69.9	3.9
Iluka*	2466	61	355	17.2	0.2	68.1	12.6
Port Macquarie*	2444	4872	28581	17.0	1.1	59.0	10.5
Via Dubbo	2830	116	686	16.9	0.0	68.9	6.4
Bundarra	2359	126	779	16.2	0.0	72.2	7.1
Nelson Bay*	2315	1102	7091	15.5	0.1	57.4	11.7
Walcha	2354	573	3760	15.2	0.0	65.0	12.1
Northern Rivers*		45	355	12.7	0.2	68.1	12.6
Manilla	2346	403	3256	12.4	0.0	65.6	4.6
Balranald	2715	235	1912	12.3	0.0	74.9	10.1
Mullumbimby*	2482	592	4959	11.9	0.3	62.1	6.8
Albury	2640	3103	26642	11.6	1.2	58.7	14.8
Bonny Hills*	2445	372	3270	11.4	0.2	56.0	8.9
Byron Bay*	2481	875	7889	11.1	0.7	58.5	10.5
Tullamore	2874	66	602	11.0	0.0	64.2	7.5
Murray MSC	2642	459	4244	10.8	0.0	60.5	15.3
Mullaley	2379	28	266	10.5	0.0	68.6	6.9
Yenda	2681	116	1134	10.2	0.1	70.4	11.8
Lavington	2641	1401	14255	9.8	4.2	63.8	13.7
Kandos	2848	163	1677	9.7	2.2	70.3	10.8
Wauchope	2446	867	9210	9.4	0.0	66.0	9.3
Garah	2404	174	1875	9.3	0.0	70.5	4.9
Bellingen*	2454	625	6831	9.1	0.1	59.2	7.3
Coleambally	2707	82	909	9.0	0.0	69.9	14.5

** High growth rates where participation may be over estimated.*

Table 24

how representative of the population it is.

The procedure would:

- identify the main postcodes served by a provider;
- profile the participants of the provider using enrolment data on age, gender, employment, and cultural characteristics;
- examine the socio-economic character of the catchment, its 'community profile' using social, economic and demographic indicators;
- examine the extent to which the equity target groups - the young, the over 55's, the disabled, Aboriginal people, and people speaking a language other than English (LOTE) - are represented in the profile;
- consider what factors in the catchment, including its population density, relative affluence, and educational and occupational mix, might help to explain the provider's activity and participant profile.

Unfortunately the lack of good data for 1995 prevents an analysis of the equity profiles of providers in this way. However, even with good data it would be a complex process to determine to what extent one provider is responding to the 'equity profile' of the *particular postcodes* within their catchment.

Nevertheless, it can be helpful to examine the postcode catchments of providers, bearing in mind a number of problems.

- A given residential postcode does not mean that a participant attends the nearest college to their home, since it is known that employed people may attend a venue nearer their work than their home. This effect is likely to be important for ACE participants in urban areas who are employed full-time (the majority).
- For this and other reasons, the accepted notion of a 'community catchment' is a tenuous one, except perhaps in rural areas. A Sydney college might serve an area extending beyond its nominal catchment and overlap with other providers.
- Certain postcodes in a catchment may not be serviced at all by any provider, and constitute an educational 'no man's land', precisely because they are disadvantaged in educational, economic or cultural terms. Catchment analysis will tend to overlook these areas.

The last is a crucial dimension of equity. Detailed analysis of low participation areas is needed to establish whether there are such 'avoided territories', but this is beyond the scope of the current project. However, it is possible to speculate on the extent to which postcodes that are relatively advantaged in socio-economic terms are being served by several providers, and form thereby the 'market' to be tapped by a user-pays ACE service.

Table 25 shows the main postcodes of large metropolitan colleges - those suburbs supplying the largest share of a provider's enrolments, and their core 'catchment'. This information is extracted from the list of those postcodes which contribute more than 1.5 per cent of the enrolments of a given provider (see Appendix E).

This table obviously oversimplifies the complex distribution of enrolments across Sydney, and it should be read in relation to Appendix E. Any one provider can be analysed in some detail for the makeup of its enrolments, and this has been done in the following studies of Sydney Community College and Parramatta Regional Evening College. However, the summary table is useful in highlighting where metropolitan provision is concentrated, and it can be useful in making some tentative links between participation and the three socio-economic indicators referred to earlier - population density, post-school qualifications and household income - which might affect the income and activity of providers.

A number of conclusions are supported by this analysis. It is remarkable, if these are the key postcodes, how small a share of the total college enrolment they make up, with some notable exceptions (Mosman, Cremorne and Neutral Bay, total 64%). In general, the closer the college is to the Sydney CBD, the more do college catchments overlap. This suggests the possibility that providers are drawing upon similar clienteles concentrated in postcodes with a certain kind of socio-economic profile, as opposed to each serving a range of participants in a distinct locality or urban community. The latter appears to be something of a myth. Further analysis, using better enrolment data on participant characteristics, is needed to investigate this question and its equity implications.

Most postcodes reflect the urban area profile shown above in Table 23. It may be coincidental, but where the proportion of higher income households is high compared to NSW (say, 40%, relative to NSW 21%), so is ACE participation. It also appears to be true that ACE provision is concentrated in these areas, for example, in the northern suburbs (Mosman, Chatswood, Hornsby-Ku-ring-gai, Hills District, Macquarie) and the inner city (Eastern Suburbs, Strathfield, Sydney Community College).

Further analysis is needed to reveal (through mathematical modelling) the relative contributions of population density, household income and professional occupation as possible factors in high demand for and high participation in ACE in urban areas. The case studies which follow, and two later studies forming part of the regional analysis, attempt to do more justice to the complexion of local participation.

Sydney Community College

Sydney Community College was selected because it has a distinctive strategic approach and demography. College enrolments for 1995 reflect its nominal catchment in the inner suburbs of the city, with their

(Continued page 76)

MAIN POSTCODES OF METROPOLITAN COLLEGES - 1995

	POSTCODE	ENROLLED N	% ENROLLED	POPULATION DENSITY*	% UNQUALIFIED*	HHI*
SYDNEY CC						
Leichhardt	2040	1271	7.8	41.4	54.5	27.1
Balmain	2041	1172	7.2	56.2	41.9	36.9
Newtown	2042	955	5.9	82.8	49.4	25.4
STRATHFIELD CC						
Strathfield	2135	1213	13.1	39.0	57.9	24.9
Concord	2137	644	6.9	68.1	49.3	23.2
Ashfield	2131	606	6.5	52.9	49.0	26.6
BANKSTOWN EC						
Bankstown	2200	715	10.2	17.0	66.5	18.4
Panania	2213	739	10.5	21.2	58.6	26.3
Padstow	2211	502	7.1	20.5	60.3	26.4
CHATSWOOD EC						
Crows Nest	2065	598	7.1	35.5	44.6	37.2
Lane Cove	2066	871	10.3	26.5	45.0	37.1
Chatswood	2067	785	9.3	26.8	48.9	34.7
MOSMAN EC						
Mosman	2088	2963	38.2	29.0	43.7	39.7
Neutral Bay	2089	932	12.0	67.4	40.6	40.0
Cremorne	2090	1131	14.6	48.0	41.2	40.5
MANLY-WARRINGAH CC						
Dee Why	2099	1136	13.7	28.6	55.5	26.1
Manly	2095	973	11.8	26.4	49.2	29.1
Avalon	2107	734	8.9	16.8	47.0	34.7
MACQUARIE CC						
Epping	2121	1746	11.7	23.6	46.2	36.9
Carlingford	2118	1425	9.6	23.9	51.9	40.7
Eastwood	2122	1415	9.5	25.5	49.3	35.3
HILLS DISTRICT D&EC						
Baulkham Hills	2153	1731	23.6	7.5	55.2	40.8
Castle Hill	2154	1557	21.2	14.2	51.2	41.8
Annangrove	2156	544	7.4	2.0	48.7	45.2
HORNSBY-KURING-GAI CC						
Hornsby	2077	1061	20.4	11.2	51.8	29.3
Wahroonga	2076	772	14.8	14.7	46.6	42.8
Turramurra	2074	488	9.4	6.9	45.0	45.4
PARRAMATTA EC						
Wentworthville	2145	2402	26.1	26.7	61.4	25.0
Merrylands	2160	774	8.4	31.1	65.1	16.4
Baulkham Hills	2153	700	7.6	7.5	55.2	40.8

Continued

MAIN POSTCODES OF METROPOLITAN COLLEGES - 1995

	POSTCODE	ENROLLED N	% ENROLLED	POPULATION DENSITY*	% UNQUALIFIED*	HHI*
BLACKTOWN CC						
Seven Hills	2147	372	12.5	23.4	61.2	27.0
Blacktown	2148	801	27.0	1.1	59.0	10.5
Plumpton	2761	222	7.5	11.0	60.8	22.3
MACARTHUR CC						
Campbelltown	2560	1616	17.3	2.9	63.1	23.8
Camden	2570	657	7.0	4.9	60.1	24.3
Ingleburn	2565	518	5.5	0.6	57.2	29.1
NEPEAN CC						
Penrith	2750	1579	18.7	13.7	61.3	25.0
Kingswood	2747	834	11.3	5.8	64.3	21.3
Cranebrook	2749	333	4.5	2.7	61.1	25.5
ST GEORGE-SUTHERLAND CC						
Sutherland	2232	1763	10.1	19.3	52.6	34.8
Engadine	2233	1800	10.3	1.9	53.7	38.1
Caringbah	2229	1487	8.5	22.1	51.9	30.0
Cronulla	2230	1464	8.4	25.2	51.7	25.1

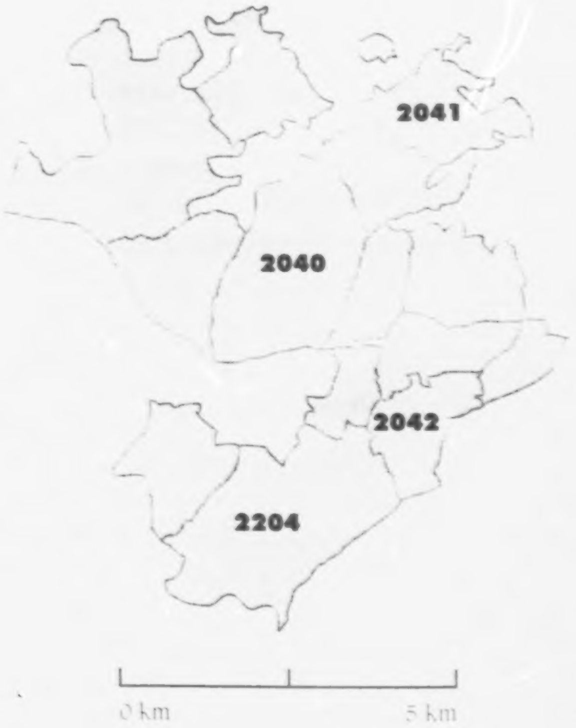
The table excludes Eastern Suburbs Regional Evening College and WEA Sydney

Table 25

** Population Density*	*Population density: persons aged over 15 per hectare*
** Unqualified*	*Proportion of the population not holding a post-school certificate qualification in 1991*
** HHI*	*Proportion of households with a household income of $50,000 or more*

relatively high population densities and concentrations of people on above average incomes and employment in professional and managerial occupations. The steady 'gentrification' of the inner city and increasing housing density means that the socio economic indicators based on the 1991 census are likely to be under-estimates. Adjacent providers sharing some key postcodes are Eastern Suburbs Community College, Macquarie Community College (to the north) and Strathfield Regional Community College (to the west).

The catchment is noticeably more dispersed than that of most other colleges, and perhaps resembles that of WEA Sydney in participants' place of residence. The postcodes shown on the map are the 13 from which the college drew more than two per cent of its enrolments (see Table 26). The college enrolled around three-quarters of all 1995 ACE participants living in Chippendale, Leichhardt, Rozelle, Annandale, Newtown, Stanmore, Erskineville and Balmain but these areas accounted for only 33 per cent of the 1995 college enrolments. Some other inner city postcodes accounted for only between one and two per cent of its enrolments.



CATCHMENT OF SYDNEY COMMUNITY COLLEGE

	POSTCODE	ENROLLED IN SYDNEY CC		ENROLLED IN ACE		PARTICIP'N RATE
		N	%	N	%*	
Leichhardt	2040	1271	7.8	1622	78.4	8.6
Balmain	2041	1172	7.2	1593	73.6	13.2
Newtown	2042	955	5.9	1258	75.9	9.1
Glebe	2037	694	4.3	966	71.8	7.1
Marrickville	2204	607	3.7	920	66.0	3.3
Darlinghurst	2010	592	3.6	1018	58.2	5.7
Annandale	2038	579	3.5	748	77.4	10.1
Rozelle	2039	543	3.3	700	77.6	11.4
Petersham	2049	504	3.1	757	66.6	5.8
Abbotsford	2046	407	2.5	1143	35.6	5.5
Stanmore	2048	401	2.5	533	75.2	8.9
Dulwich Hill	2203	399	2.4	642	62.1	5.0
Drummoyne	2047	360	2.2	774	46.5	8.9
Potts Point	2011	274	1.7	665	41.2	3.4
Paddington	2021	274	1.7	612	44.8	3.9
Redfern	2016	259	1.6	387	66.9	4.1
Chippendale	2008	250	1.5	311	80.4	6.8
Erskineville	2043	236	1.4	315	74.9	9.5
SUB TOTAL		9777	59.9	14964		
TOTAL		16315	100.0			

- *SCC enrolments as % of ACE enrolments for the postcode*

Table 26

SOCIO-ECONOMIC PROFILE OF SYDNEY COMMUNITY COLLEGE MAIN POSTCODES

	POSTCODE	PARTICIP'N RATE	POPULATION DENSITY	% UNQUALIFIED	% HHI > $50K	% LOTE
Leichhardt	2040	8.6	41.4	54.5	27.1	27.2
Balmain	2041	13.2	56.2	41.9	36.9	6.9
Newtown	2042	9.1	82.8	49.4	25.4	21.7
Glebe	2037	7.1	68.1	49.3	23.2	16.9
Marrickville	2204	3.3	49.8	63.5	17.8	44.7
Darlinghurst	2010	5.7	109.6	46.6	20.2	18.8
Annandale	2038	10.1	58.7	45.2	29.8	16.3
Rozelle	2039	11.4	29.2	48.1	33.4	8.8
Petersham	2049	5.8	59.7	55.4	22.2	42.0
Abbotsford	2046	5.5	34.8	57.3	28.2	31.0
Stanmore	2048	8.9	67.1	53.7	23.5	41.1
Dulwich Hill	2203	5.0	66.5	61.2	19.4	46.3
Drummoyne	2047	8.9	44.3	48.4	35.9	12.1
Potts Point	2011	3.4	132.2	44.2	19.6	19.9
Paddington	2021	3.9	28.8	42.6	30.8	12.0
Redfern	2016	4.1	87.1	58.6	15.0	27.3
Chippendale	2008	6.8	59.9	46.2	25.8	15.9
Erskineville	2043	9.5	44.0	53.0	25.0	19.7

Table 27

The 18 inner city suburbs listed, including some that could be said to belong in the Eastern Suburbs catchment, account for only 60 per cent of the total enrolment, with a further 40 per cent dispersed over a wider area. This pattern may reflect the college's direct mail promotion strategies which attempt to reach certain demographic groups in the inner city (see Chapter Five case study). Only in a limited sense is this provider a local evening college serving the 'community' of the Leichhardt-Balmain area.

Little can be said about the characteristics of participants drawn from these postcodes without better ACE data. Using 1991 census indicators (Table 27) there is a good deal of social and cultural diversity, so the equity question is 'what kinds of households and persons are represented in this geographic mix?' The catchment has some variation around the NSW average for indicators such as 'unqualified' (NSW, 59%), the 'household income' indicator (NSW 21%) and especially the LOTE indicator (NSW, 14%). The areas with the highest participation rates are those with the lower levels of unqualified and higher household incomes.

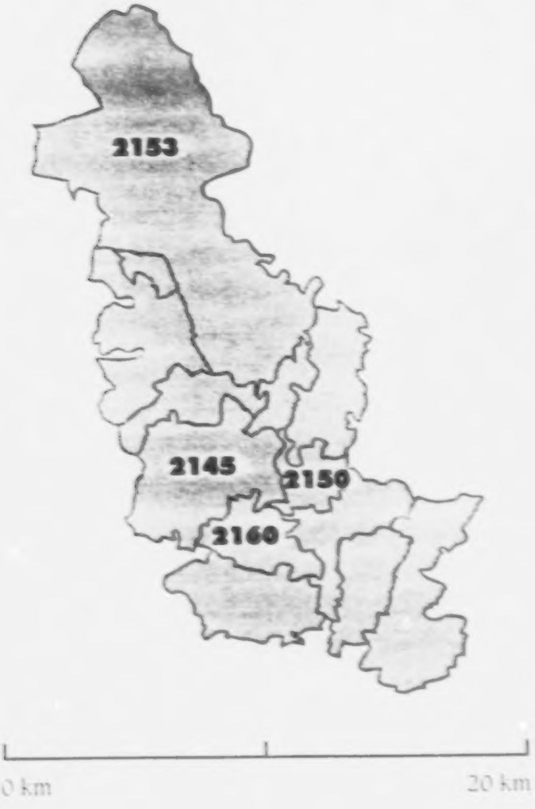
[illegible]

In 1995 enrolments at Parramatta Regional Evening College came mainly from the area around and to the north of the Parramatta CBD. Adjacent ACE providers are Hills District Day and Evening College to the north, Bankstown Evening College to the south, Strathfield Community College to the east and Blacktown Community College to the west. The area is regarded as being the demographic centre of Sydney. It has a lower population density than the inner city and fewer people on above average incomes than the northern and central suburbs.

The catchment is centred on Wentworthville (2145) which together with Merrylands (2160) and Baulkham Hills (2153) accounts for 40 per cent of Parramatta's 1995 enrolments. Another nine postcodes each have more than 1.5 per cent of the college enrolments, accounting for a further 35 per cent in total. However, the college clearly overlaps with other providers, notably Hills District and Blacktown Colleges, in respect of its main postcodes. It enrolled about half of all ACE participants living in Wentworthville and Merrylands, and fewer in Toongabbie, Parramatta and Guildford (Table 28).

Parramatta CC's main venue is at Wentworthville, reflecting that suburb's central position in the catchment area. However, the College is by no means the sole provider of ACE for this area. Other colleges deliver courses to residents, some of whom may be attending a course near their work rather than home. In this respect the College differs from Sydney CC which takes the great majority of ACE enrolments in its main postcodes despite having an otherwise more diffuse catchment area. Participation rates are also somewhat lower than those of Sydney CC and approximate the State average (about 5%) or are slightly above.

The socio-economic profile (Table 29) shows that the main Parramatta postcodes have lower levels of population density than the inner city, higher levels of unqualified residents and lower household incomes. Baulkham Hills stands out as the exception, with 40 per cent of households in 1991 having more than $50,000 in household income, compared with the NSW figure of 26 per cent. Merrylands by contrast had quite a low level of household income and a higher level of unqualified residents, as did Guildford, Auburn and Granville.



CATCHMENT OF PARRAMATTA REGIONAL EVENING COLLEGE

	POSTCODE	ENROLLED PARRAMATTA	% ENROLLED	ALL ACE ENROLLED	% OF TOTAL ACE	PARTICIP'N RATE
Wentworthville	2145	1564	25.6	3115	50.2	5.7
Merrylands	2160	497	8.1	897	55.4	3.7
Baulkham Hills	2153	462	7.6	2864	16.1	5.7
Toongabbie	2146	351	5.8	840	41.8	5.2
Parramatta	2150	329	5.4	847	38.8	5.3
Guildford	2161	321	5.3	712	45.1	2.9
Seven Hills	2147	260	4.3	1358	19.1	3.9
Auburn	2144	218	3.6	639	34.1	2.6
North Parramatta	2151	210	3.4	1133	18.5	6.8
Granville	2142	203	3.3	466	43.6	2.7
Northmead	2152	119	2.0	328	36.3	5.0
Lidcombe	2141	90	1.5	463	19.4	2.3
SUB TOTAL		4624	75.9	13662		
TOTAL		6099	100.0			

Table 28

SOCIO-ECONOMIC PROFILE OF MAIN POSTCODES

	POSTCODE	PARTICIP'N RATE	POPULATION DENSITY	% UNQUALIFIED	% HHI > $50K	% LOTE
Wentworthville	2145	5.7	21.2	61.4	25.0	20.2
Merrylands	2160	3.7	24.6	65.1	16.4	22.4
Baulkham Hills	2153	5.7	5.8	55.2	40.8	12.2
Toongabbie	2146	5.2	17.6	61.7	27.8	18.3
Parramatta	2150	5.3	25.6	55.3	18.9	38.9
Guildford	2161	2.9	15.4	66.0	17.3	19.1
Seven Hills	2147	3.9	17.7	61.2	27.0	17.3
Auburn	2144	2.6	22.7	64.2	14.9	45.2
North Parramatta	2151	6.8	12.2	54.2	33.3	13.3
Granville	2142	2.7	13.3	65.4	15.4	28.6
Northmead	2152	5.0	13.4	57.0	31.9	9.6
Lidcombe	2141	2.3	10.2	62.6	17.8	35.8

Table 29

The complexity of the distribution of enrolments among providers in the metropolitan area of Sydney is apparent from this cursory analysis, which conveys a picture of urban ACE organisations drawing on overlapping areas, rather than distinct 'community catchments'.

The question arises as to which postcodes may be being neglected by the current delivery of ACE, and which postcodes are well served by other VET providers *rather than* ACE. Future research using better data about participants might be matched with 1996 postcode census data to explore to what extent a provider is reaching defined equity groups in the area.

The analysis so far has emphasised the activity of providers expressed in terms of participation in catchment postcodes. A further analysis now examines some of the regional differences that might help to explain differences among providers in their income and activity costs. This attempts to link the

SELECTED SOCIO-ECONOMIC INDICATORS - SYDNEY & REGIONAL STATISTICAL SUB-DIVISIONS

	UNQUALIFIED	HHI > $50K	OCCU 123	AGED 55+	ATSI	LOTE
All NSW	58.8	21.3	31.6	26.4	1.2	13.7
Inner Sydney	53.9	22.3	36.1	22.6	1.1	28.1
Eastern Suburbs	50.0	28.3	38.9	26.3	0.6	22.0
St George-Sutherland	55.4	28.4	31.1	28.1	0.3	12.4
Canterbury-Bankstown	63.8	19.4	21.4	28.3	0.4	25.4
Fairfield-Liverpool	67.3	17.9	17.3	19.5	0.8	42.9
Outer South West Sydney	61.7	23.5	25.6	15.0	1.3	13.0
Inner Western Sydney	55.5	26.6	33.1	29.7	0.3	32.1
Central Western Sydney	61.0	22.2	25.8	25.8	0.6	23.9
Outer Western Sydney	58.9	23.3	28.8	18.3	1.0	9.2
Blacktown-Baulkham Hills	60.5	28.9	28.7	17.4	1.1	19.5
Lower Northern Sydney	47.6	34.9	45.6	27.2	0.1	19.0
Hornsby-Ku-ring-gai	47.0	41.6	47.8	28.1	0.1	11.2
Manly-Warringah	51.4	32.9	36.0	27.6	0.2	10.7
Gosford-Wyong	60.1	15.0	27.3	33.9	0.8	2.7
Tweed Heads	63.1	8.4	24.2	45.6	2.3	1.7
Richmond-Tweed SD Bal	63.4	9.7	33.0	30.9	1.8	2.6
Clarence	63.5	8.8	30.5	33.1	2.2	2.6
Hastings	62.8	8.7	29.8	36.4	2.2	1.3
Northern Slopes	64.3	11.3	34.0	27.6	3.4	1.2
Northern Tablelands	62.7	12.1	37.1	25.6	3.4	2.8
North Central Plain	66.1	13.8	33.4	22.6	9.8	1.4
Central Macquarie	64.3	11.2	34.3	27.6	5.1	1.3
Macquarie Barwon	68.4	8.7	37.8	26.1	13.2	2.9
Upper Darling	67.0	13.1	34.4	20.3	19.3	1.5
Newcastle	61.1	18.0	26.1	28.6	1.1	4.1
Hunter SD Bal	63.5	15.9	29.3	30.9	1.3	1.6
Wollongong	59.8	18.9	27.0	26.3	0.9	16.4
Illawarra SD Bal	58.5	11.8	30.4	33.5	1.7	2.5
Bathurst-Orange	61.2	15.5	31.1	24.2	1.8	3.4
Central Tablelands	61.4	16.7	29.7	25.1	1.1	2.0
Lachlan	67.1	8.9	40.5	31.7	2.8	0.8
Queanbeyan	63.1	18.5	22.9	18.4	2.0	16.3
Southern Tablelands	60.7	16.6	37.4	26.6	0.8	1.7
Lower South Coast	60.3	8.5	30.3	39.3	2.3	2.0
Snowy	47.6	20.5	40.4	17.9	0.4	5.4
Central Murrumbidgee	64.2	11.7	32.7	25.8	1.9	1.9
Lower Murrumbidgee	68.6	11.5	34.4	26.0	2.7	14.9
Albury	60.5	14.4	29.7	24.7	1.1	3.8
Upper Murray (ex Albury)	64.6	9.2	36.0	32.7	0.7	1.3
Central Murray	66.8	9.1	40.8	30.4	1.5	1.9
Murray-Darling	73.2	9.3	38.0	26.3	5.5	5.7
Far West	66.0	13.8	27.0	29.7	4.7	2.1

Table 30

PROVIDER INCOME & REGIONAL DIFFERENCES - GREATER SYDNEY

	HHI	PROVIDER	FOI	SCG	AGF	SFI
Inner Sydney	22.3	Sydney CC	59.0	$0.45	$4.32	6.7
Eastern Suburbs	28.3	Eastern Suburbs	61.9	$0.58	$6.19	7.4
St George-Sutherland	28.4	St George-Sutherland	53.2	$0.36	$4.81	9.6
Canterbury-Bankstown	19.4	Bankstown	57.9	$1.31	$4.51	3.1
Fairfield-Liverpool	17.9	Macarthur	66.1	$1.13	$4.18	3.5
Outer South West Sydney	23.5	Macarthur	66.1	$1.13	$4.18	3.5
Inner Western Sydney	26.6	Strathfield	27.6	$0.43	$2.34	3.9
Central Western Sydney	22.2	Parramatta	54.1	$0.96	$4.52	3.8
Outer Western Sydney	23.3	Nepean	67.3	$0.80	$4.71	4.2
		Hawkesbury	67.3	$0.80	$4.71	4.2
Blacktown-Baulkham Hills	28.9	Hills District	79.3	$1.05	$6.83	4.4
		Blacktown District	48.2	$1.88	$4.23	1.4
Lower Northern Sydney	34.9	Mosman	81.7	$0.86	$4.61	3.7
		Chatswood	-	-	-	-
		Macquarie	-	-	-	-
Hornsby-Ku-ring-gai	41.6	Hornsby-Ku-ring-gai	-	-	-	-
Manly-Warringah	32.9	Manly-Warringah	44.6	$0.77	$4.83	4.2
Gosford-Wyong	15.0	Central Coast	43.0	$1.66	$6.43	3.2
		Kincumber	56.6	$2.09	$3.05	0.2
		Wyong	22.5	$1.03	$1.37	0.1

WEA Sydney and the Adult Education Centre for Deaf and Hearing Impaired Persons omitted

Table 31

information about the provider's income, particularly fee income, to socio-economic differences between areas in NSW.

In this kind of analysis the equity questions are about relativities in access to ACE by people in an area and the ability of the area to support provision through student fees. It attempts to answer questions such as:

- To what extent are providers with high levels of fee income in regions (or postcodes) with high levels of household income and educational qualifications?

- Are the differences between rural and urban areas in indicators such as HPE and FOI related to social and economic differences among regions?

A regional approach is needed in order to convey broad differences among regions, but this means that marked differences at postcode level within regions are lost. Regional analysis obscures local differences. Again, local studies of ACE North Coast and Newcastle are provided to illustrate some of the finer detail in regional provision.

Regions are here meant in the statistical rather than administrative sense. Regions within Sydney can be defined in terms of the 14 Sydney statistical subdivisions (SSDs), for example Manly-Warringah SSD or St George Sutherland SSD. The remainder of NSW can also be divided into statistical sub-divisions that are small enough to relate to distinct areas and to the BACE regions. The SSDs are smaller than the BACE Regions and to some extent reflect the difference between the so-called 'rural urban' and other rural areas. Thus Bathurst-Orange is a statistical sub-division of Central West Division * (* *See note page 92*).

Table 30 shows selected socio-economic indicators relevant to the income and activity of ACE providers and to equity considerations. The table may be read both in columns for differences among regions and across as a profile of any one area. An important point is that the educational, income and occupational indicators correlate, whereas other indicators such as Aboriginality and ethnicity (ATSI and LOTE) or retired population (Aged 55+) are independent of these indicators and each other.

OTHER URBAN, RURAL URBAN AND RURAL AREAS

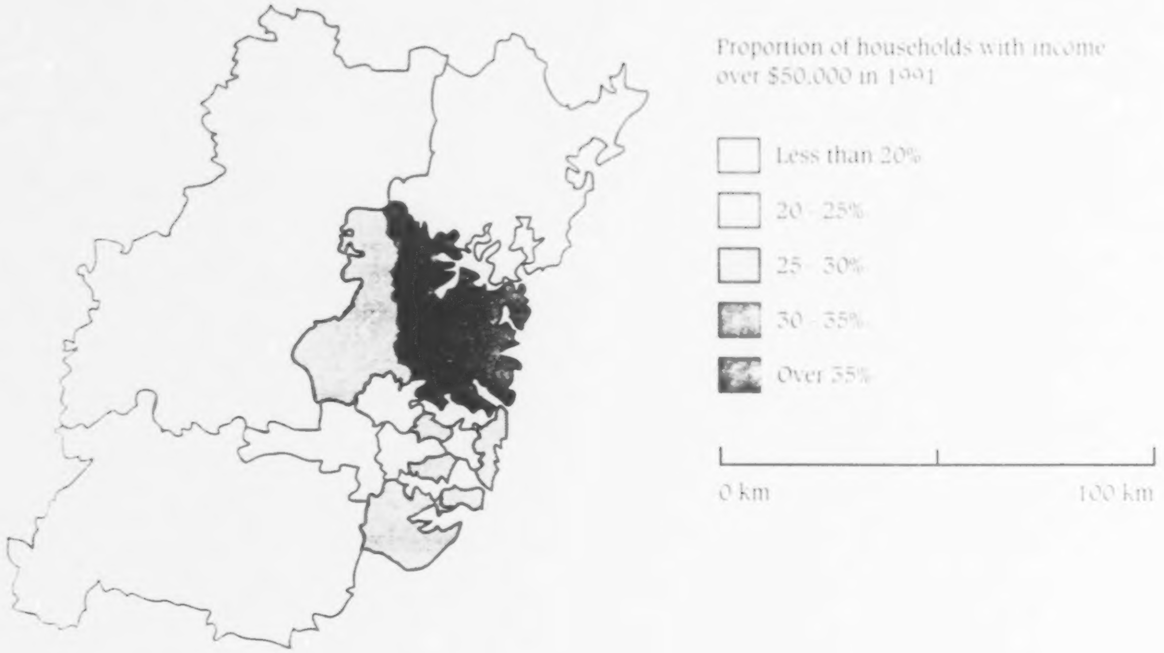
	HHI	PROVIDER	FOI	SCG	AGF	SFI
Tweed Heads	8.4	Alstonville ALA	47.3	$3.45	$4.32	0.3
		Byron ACE	60.8	$1.76	$3.98	0.4
Richmond-Tweed SD Bal	9.7	ACE North Coast	21.6	$2.29	$3.94	1.8
		Murwillumbah ACE	47.2	$4.33	$4.42	0.3
		ACE Mullumbimby	58.0	$2.88	$4.70	0.4
Clarence	8.8	Nambucca Valley	46.1	$3.03	$3.01	0.1
Hastings	8.7	Hastings AE	52.9	$2.47	$4.53	1.4
		Taree AE	45.0	$2.81	$3.95	0.6
		Forster-Tuncurry	45.7	$4.06	$4.83	0.2
		Camden Haven	45.6	$1.51	$2.33	0.2
Newcastle	18.0	WEA - Hunter	45.4	$1.44	$6.84	3.9
		Hunter CC	59.2	$1.93	$4.20	1.8
		Singleton LLG	60.6	$1.83	$4.41	0.2
Hunter SD Bal	15.9	Dungog and District	26.8	$4.92	$3.69	0.1
Wollongong	18.9	Kiama AE	54.2	$3.25	$4.89	0.2
Illawarra SD Bal	11.8	Southern AEC Nowra	61.7	$2.74	$6.88	2.0
		Eurobodalla AEC	37.4	$4.54	$3.02	0.2
Bathurst-Orange	15.5	Central West CC	9.0	$2.88	$4.55	1.8
Lachlan	8.9	Condobolin AE	28.3	$4.19	$3.06	0.1
Southern Tablelands	16.6	Southern RCC (Goulburn)	28.0	$1.82	$3.57	0.3
		Young CLC	28.9	$3.36	$3.50	0.1
		Tahmoor CALLC	35.3	$3.31	$2.13	0.0
Lower South Coast	8.5	Eden-Merimbula	37.0	$3.72	$3.58	0.1
Snowy	20.5	Monaro CEG	44.8	$2.85	$4.34	0.2
Central Murrumbidgee	11.7	Riverina CC	28.5	$2.91	$5.31	1.5
Lower Murrumbidgee	11.5	Griffith ALA	35.6	$2.48	$3.57	0.3
Albury	14.4	Albury-Wodonga	15.9	$0.50	$2.30	2.0
Northern Slopes	11.3	Tamworth AEC	52.1	$2.90	$5.27	0.7
		Barraba/Bundarra	17.4	$4.11	$2.25	0.1
		Gravesend ALA	18.5	$3.45	$0.74	0.0
		Warialda and District	11.2	$11.84	$1.00	0.0
		Wallabadah ALA	28.9	$7.27	$1.99	0.0
		ACE Gunnedah	25.8	$1.77	$1.03	0.1
Northern Tablelands	12.1	Walcha ALA	36.3	$2.13	$2.24	0.1
		Guyra ALA	36.3	$2.44	$2.44	0.1
Central Macquarie	11.2	Western College of ACE	19.8	$1.99	$2.22	0.8
Upper Darling	13.1	Outback ACE	23.6	$9.07	$5.37	0.1

Table 32

Table 30 shows that:

- there are marked differences between the greater Sydney conurbation and the rest of NSW on the range of indicators.
- levels of household income are generally markedly higher in Sydney than the country, which are in all cases below that of NSW as a whole. Further, household income differentiates more among the regions than the indicators of professionalisation of the workforce ('occu 123') or level of

SYDNEY REGIONS: QUALIFICATIONS AND HOUSEHOLD INCOME



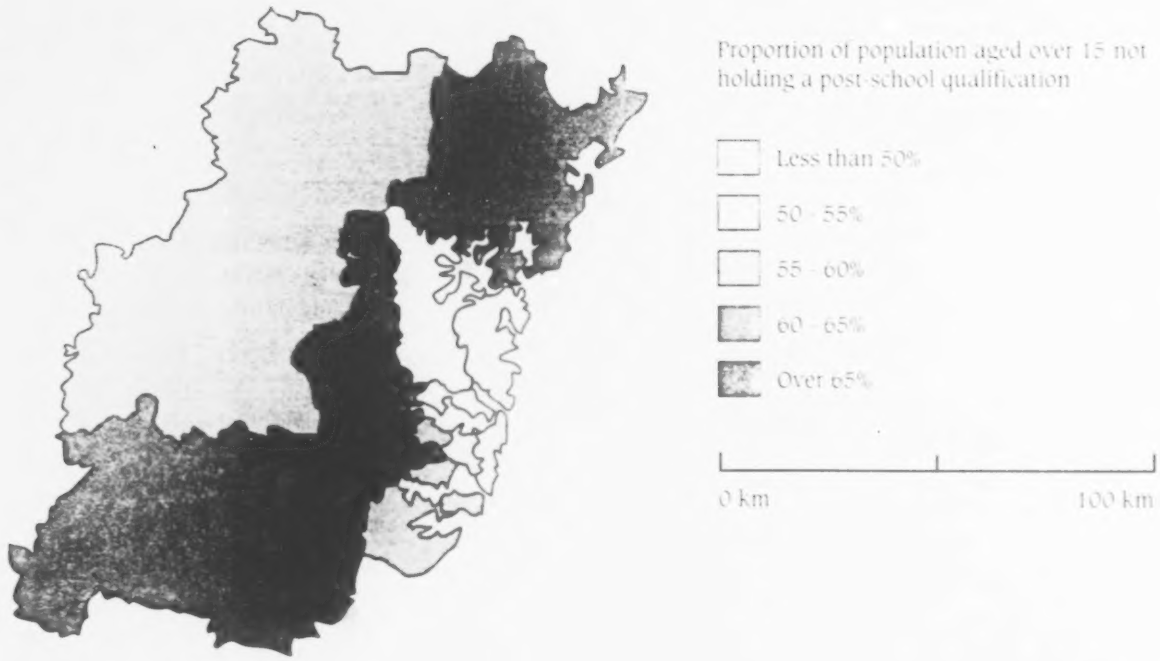

Proportion of population aged over 15 not holding a post-school qualification
Less than 50%
50 - 55%
55 - 60%
60 - 65%
Over 65%
0 km
100 km

Figure 6

qualification ('unqualified'). High levels on 'occu 123' in the country are affected by the relatively large numbers of farm managers.

- the highest levels of household income are found in Sydney's northern suburbs associated with concentrations of professionals. By comparison, most of the non-metropolitan regions have relatively few households with higher incomes, including inland regions and some quite urbanised coast areas (Tweed Heads, Mid North Coast). To some extent the latter is explained by higher retired populations (aged 55+) in these coastal areas.
- whereas Sydney has higher levels of people from non-English speaking backgrounds (LOTE), the rural areas have proportionally larger populations of indigenous Australians (ATSI).

The income and activity of ACE organisations can now be read against these regional variations, referring to several indicators highlighted in Chapter Five - fee income as a proportion of all income (FOI) and average general fee (AGF). To this is added another indicator, 'share of fee income' (SFI) - the proportion of all fee income that is contributed by the provider. (Note that this is the fee income only of the 58 providers sampled).

Table 31 shows the relationship between these indicators and the household income for the Sydney providers by regions. Table 32 shows the relationship for providers outside Sydney.

While the Sydney regional patterns blur some important local differences, they reveal clear variations in the relative advantage of different areas. This 'advantage' is geographically distributed in a way that is strikingly consistent with the emerging picture of demand for ACE and the activity and income of Sydney ACE organisations. Figure 6 maps these differences for the two key indicators of 'unqualified' and 'household income'.

The household income factor (HHI) may help to explain why some colleges do not have large fee incomes while others (those in Sydney's northern and central suburbs) do. Low HHI levels may limit the ability of an area to sustain a large amount of activity through fee generation, if fees act as a damper on demand and require the provider to find more of the costs of delivery from the Board or other government sources. The two case studies throw further light on this matter.

These regional differences are rendered with a broad brush, and it is helpful to look more closely at two case studies of regional provision and bring more sharply into focus the possible relationship of income, activity cost and socio-economic factors peculiar to those areas.

Two cases selected are the Newcastle region and the far North Coast. In each area, the population is still relatively large yet each region has a distinctive social and demographic profile.

Newcastle

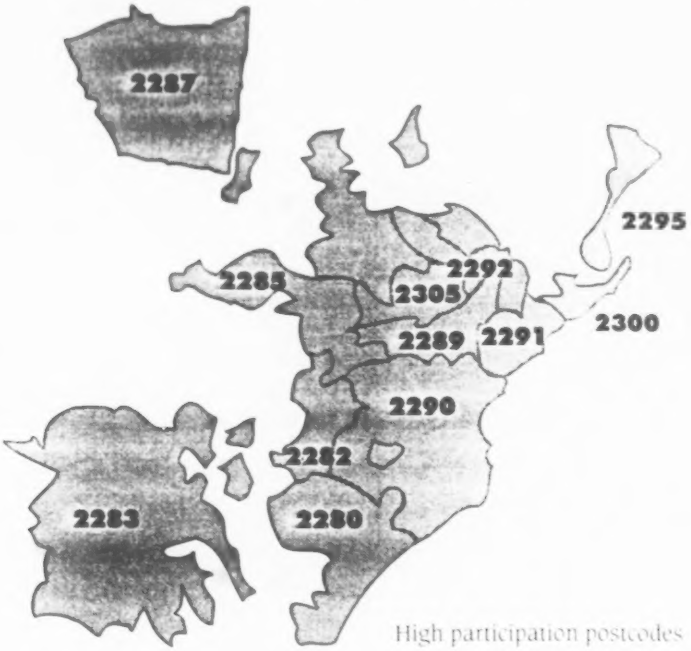
Newcastle presents an interesting case, because it is a definite urban area which historically has been served by two ACE organisations, the Hunter Community College and WEA Hunter, as well as having a strong TAFE presence deriving from the city's industrial past. To the south are the Central Coast, Wyong and Tuggerah Lakes ACE colleges/centres. Serving the Nelson Bay area north of Newcastle and west to Cessnock is the Tomaree Peninsula CAEC.

Most Newcastle postcodes represented in the 1995 enrolments of both providers can be shown in Table 33, including those where participation was low. Table 34 gives the socio-economic indicators for the postcodes. The top map opposite shows the high participation postcodes; the other maps levels of the household income indicator for most Newcastle postcodes.

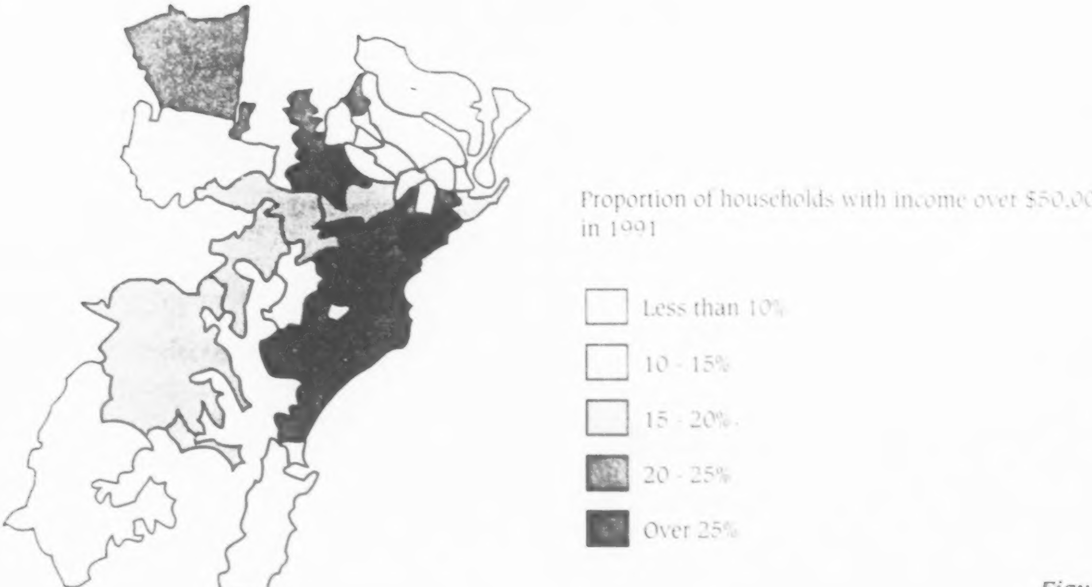
There seem to be few differences in the catchments of the two providers, and in 1995 each drew about half its enrolments, in similar proportions, from the same set of postcodes, including Belmont, Warners Bay, Toronto, Cardiff, Wallsend, Adamstown, Merewether, central Newcastle and New Lambton. It may be that they compete for enrolments from the same social groupings, or that they serve quite different participants; lack of good 1995 data precludes any conclusion.

It is clear, however, that the two providers draw strongly from areas with higher population densities, higher household incomes and more post-school qualified people as recorded at the 1991 census compared both to NSW as a whole and to the rest of Newcastle. It seems that participation is also high where there are large numbers of residents.

NEWCASTLE PARTICIPATION AND INCOME LEVELS (SELECTED POSTCODES)



High participation postcodes



Proportion of households with income over $50,000 in 1991

Figure 7

Newcastle reflects the urban participation trends apparent in the Sydney area.

The two providers differ, however, in their income and activity cost profiles (see Chapter Five). WEA Hunter, compared to Hunter Community College, has higher average course fees (AGF $6.84 compared to $4.20) and shorter courses. (HPE 11.5 compared to 15.9). Thus the College has longer courses and lower fees, and therefore less turnover of enrolments. Although it earns considerably less income from fees in dollar terms, fees bring in a greater proportion of HCC's

CATCHMENT OF NEWCASTLE ACE ORGANISATIONS

	POSTCODE	ENROLLED HUNTER CC	%	ENROLLED WEA	%	ALL PARTICIP'S	POP 1991	PARTICIP'N RATE
Morisset	2264	116	2.3	120	1.3	295	9001	3.3
Cooranbong	2265	26	0.5	59	0.7	106	3961	2.7
Wangi Wangi	2267	54	1.1	22	0.2	76	2400	3.2
Belmont	2280	255	5.1	552	6.1	811	20891	3.9
Swansea	2281	72	1.4	210	2.3	297	11439	2.6
Warners Bay	2282	235	4.7	392	4.3	631	11759	5.4
Toronto	2283	360	7.2	341	3.8	720	21538	3.3
Boolaroo	2284	92	1.8	179	2.0	273	9560	2.9
Cardiff	2285	255	5.1	443	4.9	721	20941	3.4
West Wallsend	2286	23	0.5	36	0.4	60	3660	1.6
Wallsend	2287	364	7.2	487	5.4	866	23413	3.7
Adamstown	2289	358	7.1	545	6.0	913	18946	4.8
Charlestown	2290	317	6.3	713	7.9	1049	31228	3.3
Merewether	2291	261	5.2	586	6.5	864	12255	7.1
Broadmeadow	2292	29	0.6	66	0.7	95	2008	4.7
Wickham	2293	6	0.1	57	0.6	63	1945	3.2
Carrington	2294	14	0.3	25	0.3	46	1480	3.1
Stockton	2295	52	1.0	67	0.7	120	5288	4.9
Islington	2296	11	0.2	34	0.4	46	1433	3.2
Tighes Hill	2297	15	0.3	32	0.4	47	1590	3.0
Waratah	2298	140	2.8	183	2.0	336	9118	3.7
Lambton	2299	104	2.1	220	2.4	339	8600	3.9
Newcastle	2300	107	2.1	437	4.8	592	7777	7.6
Newcastle West	2302	2	0.0	28	0.3	30	2728	1.1
Hamilton	2303	113	2.3	349	3.9	473	6716	7.0
Mayfield	2304	143	2.8	259	2.9	430	13791	3.1
New Lambton	2305	198	3.9	429	4.7	640	12384	5.2
Windale	2306	6	0.1	21	0.2	30	2368	1.3
Shortland	2307	56	1.1	68	0.8	132	4279	3.1
Callaghan	2308	1		16	0.2	17	864	2.0
SUB TOTAL		3785	75.3	6976	77.2	11118		
TOTAL		5022	100.0	9.37	100.0			

Table excludes Maitland and northern suburbs, total 10% of Newcastle participants

Table 33

income (FOI). The WEA is bigger, draws more of its income from other government sources and accordingly provides a wider range of programs. This makes the comparison the more intriguing.

What differentiates these providers, and to what extent is their activity a reflection of subtle and different factors in demand for ACE? To what extent are there hidden economic factors enabling WEA Hunter apparently to price its courses at a higher rate?

Far North Coast

The far North Coast presents another case where there are several local providers serving the same region, in this case the Coffs Harbour to Lismore area. The providers are ACE North Coast (formerly Northern Rivers Community College) and seven CAECs (at Bellingen, Yamba, Grafton, Byron Bay, Alstonville,

SOCIO-ECONOMIC PROFILE OF NEWCASTLE POSTCODES

	POSTCODE	POPULATION 1991	ALL PARTICIPANTS	PARTICIPATION RATE %	POPULATION DENSITY	UNQUALIFIED %	HHI %
Morisset	2264	9001	295	3.3	1.2	59.4	14.4
Cooranbong	2265	3961	106	2.7	0.3	55.8	18.0
Wangi Wangi	2267	2400	76	3.2	5.6	57.6	17.4
Belmont	2280	20891	811	3.9	8.8	58.7	20.7
Swansea	2281	11439	297	2.6	3.9	62.2	14.4
Warners Bay	2282	11759	631	5.4	10.7	55.1	29.3
Toronto	2283	21538	720	3.3	3.0	57.9	19.5
Boolaroo	2284	9560	273	2.9	5.9	62.0	16.0
Cardiff	2285	20941	721	3.4	11.0	64.3	18.2
West Wallsend	2286	3660	60	1.6	0.9	68.9	13.1
Wallsend	2287	23413	866	3.7	3.8	61.9	20.6
Adamstown	2289	18946	913	4.8	16.6	56.5	22.9
Charlestown	2290	31228	1049	3.3	7.6	59.9	21.2
Merewether	2291	12255	864	7.1	17.3	53.7	25.2
Broadmeadow	2292	2008	95	4.7	7.5	63.3	8.7
Wickham	2293	1945	63	3.2	14.7	68.3	5.6
Carrington	2294	1480	46	3.1	10.5	70.8	7.3
Stockton	2295	5288	120	4.9	8.8	64.6	12.4
Islington	2296	1433	46	3.2	19.1	70.4	8.1
Tighes Hill	2297	1590	47	3.0	24.1	69.4	9.9
Waratah	2298	9118	336	3.7	22.8	63.0	13.2
Lambton	2299	8600	339	3.9	21.4	63.3	13.1
Newcastle	2300	7777	592	7.6	21.2	52.1	19.6
Newcastle West	2302	2728	30	1.1		55.4	22.1
Hamilton	2303	6716	473	7.0	25.9	63.8	10.9
Mayfield	2304	13791	430	3.1	3.3	66.5	10.7
New Lambton	2305	12384	640	5.2	14.8	56.1	19.9
Windale	2306	2368	30	1.3		76.5	4.9
Shortland	2307	4279	132	3.1		63.0	13.7
Callaghan	2308	864	17	2.0		79.3	7.7

Table excludes Maitland and northern suburbs (total 10% of Newcastle participants)

Table 34

Mullumbimby and Murwillumbah). This is one region where a regional college shares its catchment with a large number of CAECs with whom it is potentially in competition. The question is to what extent this competition is evident from participation patterns, and to what extent it might affect participation.

The Tweed and Richmond River areas in 1991 had very low household incomes in comparison with NSW as a whole, high numbers of retired people, high unemployment and low labour force participation. How is demand for ACE reflected in such a demographic mix and how is this reflected in the income and activity costs of providers potentially competing for the same students? However, there is some error in estimated participation rates using 1991 census data because of population growth in these areas.

Table 35 shows the percentage of enrolments of each organisation in the North Coast postcodes from Coffs Harbour northwards. For the sake of clarity, only postcodes from which a provider derives more than one per cent of its enrolments are shown. The CAECs derive by far the greatest share of their enrolments

FAR NORTH COAST PARTICIPATION AND INCOME LEVELS (SELECTED POSTCODES)

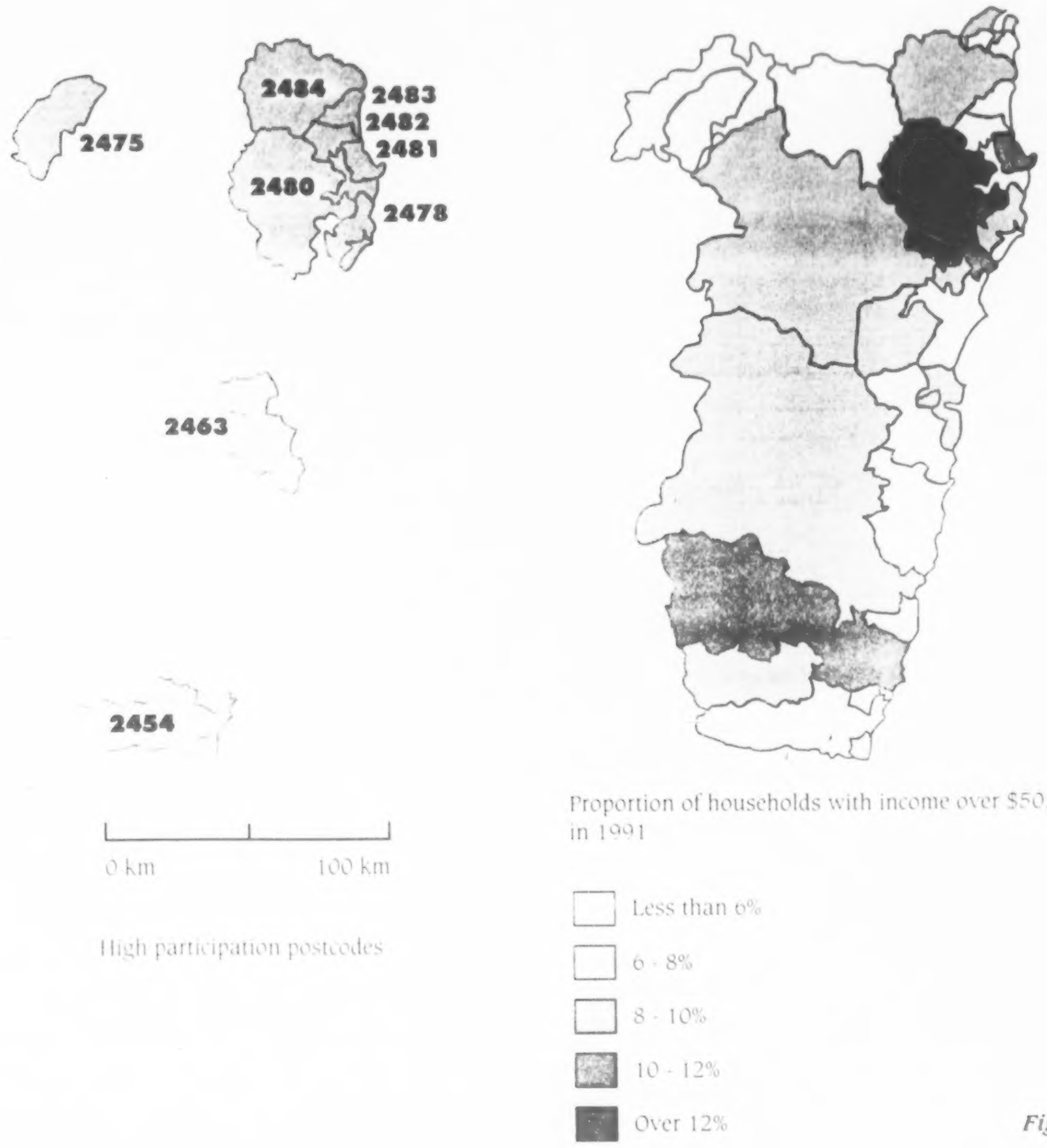


Figure 8

from their home postcodes. ACE North Coast has 90 per cent of its enrolments in the postcodes from Coffs Harbour to Tweed River. The college is effectively the sole ACE provider in the southern postcodes, but half of its enrolments are concentrated in the immediate Lismore area (including Lismore, 32%). This is the same area that is intensively served by a number of CAECs (Alstonville, Mullumbimby, Byron Bay). The Lismore area appears to be well served by this variety.

Table 36 shows total 1995 ACE enrolments for these postcodes, their participation rates and socio-economic indicators. Even allowing for variations due to population change since 1991, participation is clearly boosted in some areas like Ballina and Mullumbimby through the activity of the CAECs and the college. Without closer study of better participant data than was available for 1995, it is impossible to know whether these providers are competing for the

CATCHMENT OF FAR NORTH COAST ACE ORGANISATIONS

	POSTCODE	NORTH COAST	GRAFTON	MULLUM-BIMBY	ALSTON-VILLE	BELLINGEN	BYRON	LOWER CLARENCE	MURWILL-UMBAH
Coffs Harbour	2450	17.4				3.6			
Sawtell	2452	4.5							
Dorrigo	2453					2.6			
Bellingen	2454					77.9			
Urunga	2455					11.7			
Woolgoolga	2456	2.6							
Grafton	2460		88.5						
South Grafton	2461								
Ulmarra	2462		7.6						
Maclean	2463		1.3					34.1	
Yamba	2464		1.3					46.7	
Iluka	2466							9.2	
Via Casino	2469							2.5	
Casino	2470	1.4							
Coraki	2471								
Woodburn	2293								
Evans Head	2473				4.6				
Kyogle	2474								
Urbenville	2475								
Woodenbong	2476								
Alstonville	2477	4.3			63.4				
Ballina	2478	11.2			13.2		5.6		
Bangalow	2479	1.2		4.8	1.8		11.3		
Lismore	2480	32.2		7.6	14.7		4.4		
Byron Bay	2481	1.0		15.5			59.0		
Mullumbimby	2482			48.0			9.5		
Brunswick Heads	2483			21.3			8.1		6.6
Murwillumbah	2484			1.4					77.5
Tweed Heads	2485	3.5							1.4
Tweed Heads Sth	2486	8.0							4.3
Kingscliff	2487	3.1							2.0
Bogangar	2488								2.8
Hastings Point	2489								3.0
Tumbulgum	2490								1.3

Table 35

same kinds of participants or servicing different 'clienteles' such as the educated retired. The highest participation rates tend to be in those areas with the more qualified residents.

The differences in participation rates, if confirmed, point to potential inequities in access to ACE in this area, which may be related to the high administrative costs incurred by colleges wishing to deliver ACE in small centres, a problem not faced by the suburban CAECs. ACE North Coast bears this cost of 'administrative spread' with other 'regional' colleges, yet has to maximise its enrolments in the bigger population centres where it is possibly competing with the CAECs.

The question arises as to whether and to what extent the imperative to generate income by marketing

PARTICIPATION AND SOCIO-ECONOMIC PROFILES OF NORTH COAST POSTCODES

	POSTCODE	PARTICIPANTS	POPULATION 1991	PARTICIPATION RATE %	UNQUALIFIED %	HHI > $50K %	POPULATION DENSITY
Coffs Harbour	2450	766	29727	2.6	61.5	11.1	0.1
Sawtell	2452	193	10810	1.8	62.9	8.3	8.3
Dorrigo	2453	37	2832	1.3	67.6	8.6	0.0
Bellingen	2454	625	6831	9.1	59.2	7.3	0.1
Urunga	2455	114	2804	4.1	66.8	5.1	0.6
Woolgoolga	2456	113	10540	1.1	62.2	7.6	0.6
Grafton	2460	523	23588	2.2	63.6	9.6	0.0
South Grafton	2461	9	6313	0.1	70.6	8.0	6.0
Ulmarra	2462	47	2525	1.9	67.9	5.9	0.0
Maclean	2463	219	5463	4.0	63.5	7.7	0.1
Yamba	2464	289	4257	6.8	61.6	6.9	4.6
Iluka	2466	61	355	17.2	68.1	12.6	0.2
Via Casino	2469	45	355	12.7	68.1	12.6	0.2
Casino	2470	80	17455	0.5	70.3	8.3	0.0
Coraki	2471	28	1897	1.5	70.0	8.3	0.0
Woodburn	2472	39	1390	2.8	69.4	6.2	0.0
Evans Head	2473	65	2378	2.7	68.3	5.3	4.4
Kyogle	2474	45	6574	0.7	67.6	7.0	0.0
Urbenville	2475	28	403	6.9	69.4	6.4	0.0
Woodenbong	2476	24	1098	2.2	76.1	7.3	0.0
Alstonville	2477	858	16090	5.3	55.3	18.9	30.8
Ballina	2478	676	20902	3.2	62.7	9.9	0.8
Bangalow	2479	244	3942	6.2	56.1	9.3	0.2
Lismore	2480	1647	42475	3.9	62.1	12.0	0.3
Byron Bay	2481	875	7889	11.1	58.5	10.5	0.7
Mullumbimby	2482	592	4959	11.9	62.1	6.8	0.3
Brunswick Heads	2483	405	7364	5.5	63.4	6.2	0.5
Murwillumbah	2484	984	16117	6.1	62.8	9.1	0.2
Tweed Heads	2485	164	8182	2.0	62.6	6.9	17.5
Tweed Heads South	2486	405	18155	2.2	62.3	9.8	1.6
Kingscliff	2487	160	7468	2.1	65.6	7.6	1.0
Bogangar	2488	73	1532	4.8	59.5	5.5	5.9
Hastings Point	2489	53	1945	2.7	63.4	6.1	6.8
Tumbulgum	2490	16	979	1.6	60.9	12.3	0.2

Table 36

courses to the more densely populated urban areas acts as a disincentive to providing 'outreach' delivery of ACE to the smaller centres. The evidence available points to such a disincentive effect.

If there were socio-economic differences in the 'clienteles' of providers, this might be apparent in the fee levels charged. This seems to be the case. ACE North Coast and Byron Bay both have a markedly lower general fee (AGF, $3.94, $3.98) than ACE Mullumbimby, Murwillumbah AE or Alstonville ($4.70, $4.42 and $4.32). These are quite high fee levels for CAECs because generally AGF declines with decreasing size (see Chapter Four).

The subsidy cost per general hour also varies. The cost for Byron Bay is lower than that for North Coast ($1.76 compared to $2.29) but the costs for other

CAECs are higher (for example Murwillumbah, $4.33). ACE North Coast has a significant involvement in Commonwealth funded programs which is reflected in much higher gross expenditures per student. Another factor may be the higher administrative costs of multi-venue delivery.

Conclusion

The question of the effects of funding arrangements on equity is a complex one. It requires bringing together information about the income and activity of providers, the areas they serve and the nature of their participants. It is not yet possible to draw conclusions about the equity profiles of ACE organisations because the quality of the 1995 information about participants was not good enough to draw such conclusions. Thus the large 'unstated' numbers for characteristics such as ethnicity or employment make it impossible to say from the 1995 statistical collection that one provider or another is successful in achieving equity objectives, or that funding encourages or discourages this trend. There are also some inherent limitations in the ability of the data collection standard to support a valid equity analysis.

However, the data on participants' residential postcode is complete for almost all providers. This information can be used to map the distribution of ACE participation in NSW and provides evidence, for the first time, of the nature of the catchments of ACE organisations viewed in relation to their socio-economic character.

There are indications that:

- there is a relationship between *demand* for ACE and demographic factors such as an area's population density, the proportion of residents lacking post-school qualifications and/or the proportion of professionals and managers in its workforce;
- the *capacity* to participate in ACE may be related to the relative socio-economic advantage of the postcode population, in terms of higher household incomes and higher proportions of qualified people;
- government funding of ACE has stimulated participation in ACE in areas which lack the population, income and educational levels to *otherwise* sustain adult education on a cost-recovery basis because of the low average fees they can charge and their limited capacity to generate fee income.

Therefore, it appears likely that current funding arrangements are not acting as an incentive to widen participation. It may be that the levels of fee income required to 'survive' as a provider dictate a marketing imperative that gears promotion towards more advantaged areas and populations. The question as to the nature of these 'markets' for ACE courses can only be answered when better data is available about the clienteles coming from postcodes where participation is currently concentrated. However, it is very unlikely that these participants are members of disadvantaged groups as identified in current equity policy.

Future research, using better data, could establish which postcode areas are neglected by the current delivery of ACE, and which are well served by other VET providers rather than ACE. This study could match ACE participant data to 1996 census data to establish the extent to which a provider is reaching defined equity groups in the area.

Some of these indicators correlate quite strongly and therefore cannot be added to give a gross measure of disadvantage. Multiple disadvantage can only be spoken of in terms of particular groups such as unqualified and unemployed females or unqualified and unemployed NESB people, and it would be better to derive one index to identify the proportions of this group.

Equity indicators refer to specific groups of people not well represented in ACE, especially those social groups known to experience multiple disadvantage in employment, education and training and to have lower levels of income, qualification and so on. For example, unemployed unqualified males form one population, but this population includes many Aboriginal people. In rural areas, one group may be unqualified women not in the workforce. There is a question as to which indicators can be taken to describe groups which are not participating and how specifically sub-groups can be described in terms of combinations of factors such as age, gender, employment and educational level.

There are some problems in characterising people now residing in an area in terms of social indicators derived from 1991 Census data. These are not only to do with the currency of the data in areas where there is likely to have been change (judging by previous inter censual change). It is an artificial construction to refer to 'the unemployed' as if they were a social grouping. Similarly it is misleading to refer to culturally more identifiable 'groups' (such as those speaking Greek or Italian) as a 'community'.

Analysis of equity also needs to recognise that 'disadvantage' can be better described in terms of populations of individuals who have several characteristics associated with lack of access. These groups are nominal or 'demographic' groups not organised social units.

Another major difference between the urban and rural areas is that rural postcodes are often much larger in area than urban postcodes, so that whereas a city provider's catchment area is a group of postcodes, a small rural provider will serve a few or only one

Chapter Seven

conclusion

Funding issues have been central to the development of community-based adult education in Australia in the last two decades and the challenges of resourcing the sector have been recognised nationally since the Senate Standing Committee report. The aim of this project was to examine the economics of delivering ACE in NSW and to assess the effects of funding arrangements on equity in participation.

Questions about the economics of ACE cannot be addressed without conceptualising the complex of factors involved. The project used a methodology which brought together information on providers' sources of income, their activity and the costs entailed in delivering services. The project has underlined the need to view these aspects in relation to each other, in order to understand the dynamics of financing provision that is partly funded by government and partly through cost-recovery and the 'user pays' principle.

A range of indicators was developed and providers of similar size compared and contrasted in terms of their income, their outlays and their activity. The finances of providers were depicted from these standpoints by using groups of indicators to create profiles.

The results of this analysis, reported in Chapter Four, are clear. Current funding arrangements are associated with diversity in the income and activity of providers. This variation of income and activity is only partly accounted for by the size and scale of the organisation. Variation is also due to the situation of the provider and the nature of the locality where ACE is delivered.

A reasonable conclusion is that variation in income, activity and activity costs among organisations of similar size can be explained by the way providers have responded to the particular challenges of financing the delivery of ACE in a given locality, making decisions which take into account funding regimes, the character of the area, its potential participants and the types of programs they demand.

The ACE 'funding equation' includes government, provider and community components of both a monetary and non-monetary kind. The current funding regime of the Board of ACE is but one factor in the equation. Of equal importance are the nature of the organisation's strategic directions and decisions, which in turn reflect a reading of the character of an area and its ability to generate fee income, the nature of its clientele, and so on. The project has shown that it is important to appreciate the *interplay* of these factors if the effects of funding regimes are to be understood.

The project was required to go beyond simply representing the financial situations of ACE organisations and to examine the complex question of the effects of funding arrangements on equity. Thus, to what extent does the variation in the income and activity of ACE providers reflect the ability of organisations to meet the needs of participants in a given area and the ability of the residents of an area to sustain and support an ACE service by paying course fees?

Chapter Six proposed a framework for this analysis which attempted to recognise the interplay of three domains: the provider and the sector; the nature of the locality; and the nature of participants. It framed equity questions in terms of the *rate* of ACE participation in a locality and the profile of participants in a locality or provider.

The underlying assumption of the equity perspective is that both the rate of participation and the profile of participants reflect the degree of socio-economic advantage or disadvantage of an area. Demand for ACE is assumed to be limited by the capacity of residents to pay, the density of the population and its educational advantage expressed in terms of the level of post-school qualifications (which in turn is linked to occupation and income). The capacity to pay is assumed to be associated with levels of household income. Socio-economic indicators show great variation in these characteristics from area to area.

and hence in the *relative advantage* of populations who are likely to enrol in ACE.

Using student residential postcode data, Chapter Six showed that participation in ACE is associated with higher levels of household income, qualifications and population density - up to a certain point. Beyond that point, for example in most rural areas, ACE participation is more dependent on funding by the Board, since these providers almost uniformly have lower fee incomes, lower average fees and accordingly higher subsidy costs, whereas providers serving high-participation urban localities generally have higher fee incomes, higher average fees and lower subsidy costs.

Bringing together the findings on participation patterns for postcode areas and provider income, cost and activity, there are several possibilities for a funding regime to have an incentive or disincentive effect:

a. The regime might act as a disincentive to equity by *encouraging* providers to deliver to advantaged participants or to relatively advantaged *areas* within their locality, thereby increasing rather than diminishing the unequal distribution of opportunities to participate; a regime might do this by rewarding providers who can maximise their enrolments and fee incomes, or funding by sheer size (and hence the capacity to maximise enrolments and fees), irrespective of the nature of their participants.

b. The regime might act as a disincentive to equity simply by *not encouraging* providers to deliver to non-traditional participants or to relatively disadvantaged areas within the locality; the regime is 'indifferent' (as is that cited in the previous point) to the unequal distribution of opportunities to participate, because it does not take equity into account as a criterion for resource allocation.

c. The regime may act as an incentive to equity, by *encouraging* providers to deliver programs in low participation postcodes or to non-traditional participants, favouring providers in areas of relative disadvantage (because they have low potential for self-funding activity) or by favouring the delivery of *services* to disadvantaged participants in low participation areas, and so on. The regime takes account of the unequal distribution of opportunities to participate.

Currently, the Board's equity and literacy programs are examples of funding regimes with an incentive effect. Otherwise, the evidence of Chapter Six suggests that the current main provider program has a disincentive effect of the second kind and, arguably, an effect of the first kind to the extent that it rewards providers for marketing to clienteles most able to afford fees *and* for maximising this kind of enrolment. There may be an unintended disincentive effect on equity that is directly due to the economic imperative to prosper as an organisation dependent on cost-recovery.

However, there is an interplay of factors. Other government funding has an effect on equity. The Board has encouraged providers to diversify their funding, especially that derived from Commonwealth sources, and this is reflected in the income profiles given in Chapter Four. Commonwealth-funded activity offsets the disincentive effect referred to, since it is equity-targeted in nature. The effect of the limited nature of the Board's resources has been, whether by intention or not, to encourage equity programming, because this is the main area which attracts alternative funding. But these funds have been sought particularly by those providers which could not depend on high fee incomes, often because they serve areas that are more economically disadvantaged. Whether this means that the Commonwealth, by default, is providing the major funding of equity in ACE, is a matter for discussion.

Whatever the effect of future developments in the Commonwealth funding of the VET system on ACE's capacity to broaden its programming and participant profile, other government funding will continue to be an important consideration in framing equity measures. It appears, nevertheless, that attention should be given to what kind of activity the main provider program is supporting and whether it should be restructured to reduce its disincentive effect.

Definitive answers to questions of equity in participation require better evidence of the *participant profiles* of providers. It is quite possible (but improbable) that 'non-traditional' participants do come in large numbers from the high-participation postcodes with an 'advantaged' socio-economic profile.

There are important implications for further research, including further analysis of participation from an equity perspective along the lines suggested, making use of better data as it becomes available in coming years.

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Glossary

acronyms and abbreviations

- AAACE: Australian Association of Adult and Community Education
- ABS: Australian Bureau of Statistics
- ACE: Adult and Community Education
- ACVETS: Australian Committee on Vocational Education and Training Statistics
- AESIP: Aboriginal Education Special Intervention Program
- ALLP: Australian Language and Literacy Policy
- ANTA: Australian National Training Authority
- ATSIC: Aboriginal and Torres Strait Islander Commission
- AVETMISS: Australian Vocational Education and Training Statistical Standard
- BACE: (NSW) Board of Adult and Community Education
- BVET: (NSW) Board of Vocational Education and Training
- CAEC: Community Adult Education Centre
- CAECA: Community Adult Education Centres Association
- DEETYA: (Commonwealth) Department of Employment, Education, Training and Youth Affairs
- DTEC: (NSW) Department of Training and Education Co-ordination
- ECCA: Evening and Community Colleges Association
- HACC: Home and Community Care (Scheme)
- HELP: Help Early Leavers Program
- LEAP: Landcare Environment Access Program
- OTFE: (Victoria) Office of Training and Further Education
- SIP: Special Intervention Program
- VET: Vocational Education and Training
- VETAB: (NSW) Vocational Education and Training Accreditation Board

Appendices

Appendix A

Letters to providers requesting co-operation 100

Appendix B

Expenditure profiles of providers

Table B1 Expenditure profiles of providers 104,105
Table B2 Expenditure on facilities as a proportion of income 106,107

Appendix C

Database summary formats

Table C1 Income summary 108,109
Table C2 Income Indicators 110,111
Table C3 Expenditure summary 112,113
Table C4 Expenditure indicators 114,115

Appendix D

Assessing in-kind contributions

Part 1 Assessing community contributions 117
Part 2 Assessing government contributions 121

Appendix E

Postcode participation profiles of Sydney providers

Main postcodes of metropolitan colleges, 1995 123

ACE

Research Centre for Vocational Education and Training
School of Adult Education
PO Box 123 Broadway NSW 2007
Phone 02 9154 3700
Fax 02 9154 3737

UTS

University of Technology, Sydney

29 November 1996

Re: The economics of ACE delivery

Dear Principal or Co-ordinator

How can we demonstrate the extent to which government obtains a good 'return on investment' in ACE? As those who work in ACE know well, each dollar of government expenditure in the sector is matched and indeed multiplied by the contribution of the community.

UTS is conducting a small project on the economics of ACE for the Board. This will examine the range of costs in delivering ACE and the way providers resource their activity. The aim is to provide a clear picture of the real costs of delivering ACE and to recognise the full extent of the contribution made by the both community and government. The project will answer questions such as:

- what are the main sources of income of providers, including income from student fees, grants and other sources, and what are the range of costs that are met from this income?
- what is the value of the contribution of the community, in areas such as administration and centre management, or the provision of low-cost premises?
- what does government contribute in non-financial terms, for example, by guaranteeing low-cost rental or by providing services to ACE organisations?
- what are the hidden costs of program delivery, including the value of the time and effort invested in development, review, quality control, professional development, and who bears these costs?
- how does a provider's cost structure vary depending on their size and situation? What are some typical costs structures?

The project will have some important benefits for providers. It will lead to a clearer idea of the value of the economic activity of the sector, which will help to underline its social and educational value. The economic dimension is, of course, important in sustaining the role of government in a changing policy environment.

The first stage of the project has involved a review of developments in Victoria, a Sydney focus group, interviews with rural providers and the development of a conceptual framework for analysing the economics of delivery.

A later stage of the project will study a number of examples of cost structures of providers in different situations (rural, rural urban, metropolitan) and an analysis of incntives and disincentives to equity outcomes.

Request for Information

The next stage of the project requires information from providers about the nature of income and expenditures. **We are asking all organisations to provide a copy of their most recent audited statement of accounts.** In addition, there may be a telephone follow-up to clarify further issues. Some providers will be asked to agree to being written up in a case study.

The RCVET undertakes to maintain the confidentiality of all material (other than public records) supplied by ACE organisations. The report to the Board of Adult Community Education will not identify providers withouut their prior agreement.

The team and the RCVET are bound by the requirements of its Code of Ethics and the University's Human Research Ethics Committee guidelelines. **No organisation will be disadvantaged by a refusal to participate in the project or a withdrawal from the project.**

A reply-paid envelope is enclosed to facilitate your return of the statement of accounts.

The project team includes John McIntyre (project manager), Prof Rod McDonald and Tony Brown from the RCVET at UTS, and Fran Ferrier from Monash University's Centre for the Economics of Education and Training. Enquiries may be made to John McIntyre 02 9514 3830 or Kathy Petoumenos 02 9514 3716 or fax 02 9514 3737.

Yours sincerely

John McIntyre
Project Manager

Research Centre for Vocational Education and Training
Economics of ACE Delivery Project
Phone 02 9514 3830 Fax 02 9514 3737

UTS
Faculty of Education

Ms Trish Cation
The Director/Principal/Co-ordinator
Nambucca Valley BACE

Version 2

Dear

This is the last request for your centre to be included in the study of the economics of ACE delivery. It is very important that smaller ACE centres are well represented so that their case is heard.

If you still want to be a part of the report all you have to do is complete the following few questions about 1995 income and expenses and FAX it back to me at home preferably this weekend on
047 59 1443.

1. What grants other than those from the Board did you receive in 1995?
2. What was your income in 1995 from student fees?
3. What was your TOTAL income in 1995?
4. What was the amount spent on tutors salaries in 1995?
5. What was the total spent on co-ordinator/admin salaries?
6. What was spent on advertising, brochures, promotion?
7. What was spent on rent of office and venues?
8. What was spent on equipment and course materials?
9. What was spent on telephone, postage & office expenses?
10. What was your TOTAL expenditure for 1995?

Thanks very much. You can fax this to me at home on 047 59 1443 at any time in the next few days and still be included in the report.

Best wishes

John McIntyre
Senior Research Fellow
Project Manager

Research Centre for Vocational Education and Training
Economics of ACE Delivery Project

UTS
Faculty of Education

29 November, 1996

Mr Garry Traynor
The Director/Principal/Co-ordinator
Sydney Community College

Dear

Thank you for providing a copy of your audited statement for the year 1995. We would like to provide you with some feedback. Please note that some figures may differ in several ways from the information in your accounts, for several reasons.

First, only those Board grants for the year 1995 are counted, even if other grant monies were received and counted by you as income. The Board's Povider Funding History was used for this purpose.

Second, accounting practices differ across providers, so that the amount of detail given and categories used vary widely. Some approximation is inevitable in allocating expenses to the broad categories used in the project analysis. For example, a few providers give no breakdown of expenses into salary, promotion, facilties, equipment and so on.

The project is developing a number of 'indicators' in order to analyse the income, activity and costs of the main providers who responded (about 53). Below are the main indicators for your organisation, to give you some idea of the way information is being used. Please let us know if they are seriously out of line with your understanding of your 1995 accounts (by fax 02 9514 3737).

Yours sincerely

John McIntyre

Sydney Community College	$ '000	%
Income: Main grant as % total income	110.0	5.9
Income: All BACE funds as % total income	768.0	41.0
Income: Other government funds as % total income	0.0	0.0
Income: Fee and other income as % total income	1104.2	59.0
Income: Board grants as % all grant income	768.0	100.0
Subsidy cost per general student contact hour	--	$0.45
Average fee per general course hour	--	$4.32
Expenditure: Salary costs as % of all expemditure	677.0	54.3
Expenditure: Promotion and advertising as % of expenditure	174.3	14.0
Expenditure: Equipment and materials as % of expenditure	60.9	4.9
Expenditure: Facilities as % of expenditure	136.9	11.0
Average annual enrolment growth 1991- 1995		15.0

EXPENDITURE PROFILES OF PROVIDERS

LARGE PROVIDERS	RANK	TOTAL ($'000)	SALARY %	PROMOTION %	EQUIPMENT %	FACILITIES %	OTHER %
St George and Sutherland CC	1	3138.0	45.8	4.1	7.8	5.4	36.9
Albury-Wodonga CEC	2	2807.7	74.6	1.8	2.1	1.8	19.8
Strathfield Regional CC	3	3109.1	24.1	3.7	2.9	2.5	66.8
Sydney CC	5	1245.9	54.3	14.0	4.9	11.0	15.8
WEA - Sydney	6	2073.9	56.3	13.7	6.9	12.1	10.9
Central West CC	7	4317.4	57.7	0.0	0.2	6.5	35.6
Manly-Warringah CC*	8	1559.2	0.0	0.0	0.0	0.0	100.0
Eastern Suburbs REC	9	1883.0	48.3	9.5	0.9	3.2	38.1
Parramatta REC	10	1113.5	68.4	10.2	7.0	11.9	2.5
Nepean CC	13	960.3	68.3	10.9	7.3	8.3	5.2
Macarthur CC	14	804.9	70.5	8.8	9.0	5.0	6.5
Bankstown EC	15	765.0	63.8	8.9	6.2	5.7	15.5
Mosman EC	16	710.5	75.9	2.0	10.0	8.7	3.4
Hills District D&EC	17	860.2	63.4	14.2	3.2	9.4	9.8
WEA - Hunter	18	1454.2	67.1	11.2	8.3	11.5	1.9

* *Manly Warringah Community College supplied accounts which showed minimal breakdown of expenses charged against operating revenue*

EXPENDITURE PROFILES OF PROVIDERS

MEDIUM TO LARGE PROVIDERS	RANK	TOTAL ($'000)	SALARY %	PROMOTION %	EQUIPMENT %	FACILITIES %	OTHER %
ACE North Coast	20	1697.2	51.3	5.7	11.1	10.1	21.8
WEA Central Coast CC	21	1546.2	57.6	6.8	15.0	6.6	13.9
Hunter CC	22	416.0	68.2	18.8	2.2	6.6	4.3
Western College of ACE	23	1127.0	22.6	2.6	2.3	4.8	67.8
Blacktown District CC	24	523.5	71.6	12.3	4.2	4.9	7.1
Riverina CC	25	941.3	39.4	8.2	6.5	8.6	37.3
Southern AEC Nowra	26	626.0	71.1	9.3	2.3	10.8	6.5
Hastings AE	27	375.9	57.2	8.6	21.2	7.6	5.4
AEC for Deaf and HIP	28	335.1	75.7	2.1	8.4	10.1	3.6
Griffith ALA	29	98.7	60.8	4.4	13.2	8.2	13.5
Hawkesbury CC	30	263.5	71.6	1.5	4.1	16.6	6.2
Corryong CEC	31	153.6	56.4	4.2	19.8	9.3	10.2
Tamworth AEC	32	215.0	68.9	5.2	7.9	6.6	11.3
Taree AE	33	213.6	62.5	5.9	3.0	15.7	12.8
ACE Gunnedah Inc	34	109.5	58.6	2.6	22.0	6.3	10.5
Wyong Leisure Learning	36	93.9	41.3	3.0	24.4	20.2	11.1

EXPENDITURE PROFILES OF PROVIDERS

MEDIUM TO SMALL PROVIDERS	RANK	TOTAL ($'000)	SALARY %	PROMOTION %	EQUIPMENT %	FACILITIES %	QTHER %
Tuggerah Lakes CLLTC	37	145.1	72.6	4.2	4.5	9.9	8.8
Southern Region CC	38	169.4	30.9	4.0	4.0	8.1	52.9
Robinson Education	39	199.4	46.6	4.9	5.3	12.5	30.7
Barraba/Bundarra ACE	40	116.5	68.2	1.5	16.7	6.4	7.3
Byron AE	41	85.9	68.9	7.1	9.4	8.0	6.5
ACE Mullumbimby	42	98.9	59.4	6.7	15.5	9.5	9.0
Walcha ALA	43	68.2	69.6	3.5	6.5	10.3	10.1
Kiama AEA	44	110.8	79.7	5.7	2.1	3.3	9.2
Camden Haven ACE Inc	45	81.0	52.6	3.5	8.6	6.4	28.9
Kincumber ACE	46	70.4	73.4	0.7	6.4	6.4	13.1
Eurobodalla AE	47	85.9	61.8	6.4	3.3	23.1	5.5
Murwillumbah AE	48	104.0	57.9	4.7	18.8	11.3	7.3
Alstonville ALA	50	86.2	59.0	2.1	4.1	17.1	17.7
Outback ACE (Bourke)	52	121.5	70.4	1.6	5.8	5.4	16.8
Singleton LLG	53	72.6	73.4	3.2	4.5	8.4	10.5
Forster-Tuncurry AE	55	71.0	56.6	12.5	9.6	7.2	14.1

EXPENDITURE PROFILES OF PROVIDERS

SMALL PROVIDERS	RANK	TOTAL ($'000)	SALARY %	PROMOTION %	EQUIPMENT %	FACILITIES %	OTHER %
Nambucca Valley ACE	57	35.8	72.1	3.4	5.9	7.5	11.2
Guyra ALA	58	42.6	76.8	3.1	9.9	9.6	0.7
Monaro CEG	59	40.0	62.5	12.5	3.8	11.3	10.0
Eden-Merimbula ACE	60	44.2	67.4	3.4	0.7	12.9	15.6
Gravesend ALA	61	23.4	62.0	0.0	12.8	11.1	14.1
Young CL	62	45.5	60.4	1.8	10.1	15.6	12.1
Condobolin AE	63	24.4	72.5	3.3	2.9	8.6	12.7
Tahmoor CALL	64	19.6	61.7	18.4	1.0	10.7	8.2
Dungog and District AE	65	37.0	57.6	1.4	14.9	18.4	7.8
Wallabadah ALA	69	14.5	22.8	5.5	35.2	22.8	13.8
Warialda and District LA	70	17.0	54.1	4.7	20.6	12.9	7.6

Table B1

EXPENDITURE ON FACILITIES AS A PROPORTION OF INCOME

LARGE PROVIDERS	RANK	TOTAL INCOME ($'000)	COST OF FACILITIES ($'000)	AS % OF INCOME
St George and Sutherland CC	1	2976.5	168.3	5.7
Albury-Wodonga CEC	2	2721.5	50.5	1.9
Strathfield Regional CC	3	2918.0	79.0	2.7
Sydney CC	5	1872.2	136.9	7.3
WEA - Sydney	6	2300.4	450.5	10.9
Central West CC	7	4285.2	278.8	6.5
Eastern Suburbs REC	9	2166.1	59.5	2.7
Parramatta REC	10	1501.8	132.3	8.8
Nepean CC	13	999.1	79.8	8.0
Macarthur CC	14	891.4	40.6	4.6
Bankstown EC	15	885.3	43.3	4.9
Mosman EC	16	719.6	62.0	8.6
Hills District D&EC	17	922.9	80.8	8.8
WEA - Hunter	18	1588.6	167.5	10.5

EXPENDITURE ON FACILITIES AS A PROPORTION OF INCOME

MEDIUM TO LARGE PROVIDERS	RANK	TOTAL INCOME ($'000)	COST OF FACILITIES ($'000)	AS % OF INCOME
ACE North Coast	20	1738.2	171.6	9.9
WEA Central Coast CC	21	1470.1	102.0	6.9
Hunter CC	22	528.3	27.4	5.2
Western College of ACE	23	1052.7	53.6	5.1
Blacktown District CC	24	497.8	25.4	5.1
Riverina CC	25	901.8	80.8	9.0
Southern AEC Nowra	26	545.0	67.8	12.4
Hastings AE	27	442.7	28.4	6.4
AEC for Deaf and HIP	28	599.0	33.9	5.7
Griffith ALA	29	153.1	8.1	5.3
Hawkesbury CC	30	305.9	43.8	14.3
Corryong CEC	31	160.4	14.3	8.9
Tamworth AEC	32	230.7	14.2	6.2
Taree AE	33	227.3	33.5	14.7
ACE Gunnedah Inc	34	82.4	6.9	8.4
Wyong Leisure Learning	36	115.4	19.0	16.5

EXPENDITURE ON FACILITIES AS A PROPORTION OF INCOME

MEDIUM TO SMALL PROVIDERS	RANK	TOTAL INCOME ($'000)	COST OF FACILITIES ($'000)	AS % OF INCOME
Tuggerah Lakes CLLTC	37	155.1	14.3	9.2
Southern Region CC	38	179.2	13.7	7.6
Robinson Education	39	141.2	24.9	17.6
Barraba/Bundarra ACE	40	128.4	7.4	5.8
Byron AE	41	101.7	6.9	6.8
ACE Mullumbimby	42	108.5	9.4	8.7
Walcha ALA	43	61.1	7.0	11.5
Kiama AEA	44	125.6	3.7	2.9
Camden Haven ACE Inc	45	71.3	5.2	7.3
Kincumber ACE	46	75.1	4.5	6.0
Eurobodalla AE	47	103.7	19.8	19.1
Murwillumbah AE	48	114.0	11.7	10.3
Alstonville ALA	50	107.3	14.7	13.7
Outback ACE (Bourke)	52	89.7	6.6	7.4
Singleton LLG	53	65.8	6.1	9.3

EXPENDITURE ON FACILITIES AS A PROPORTION OF INCOME

SMALL PROVIDERS	RANK	TOTAL INCOME ($'000)	COST OF FACILITIES ($'000)	AS % OF INCOME
Forster-Tuncurry AE	55	74.2	5.1	6.9
Nambucca Valley ACE	57	42.5	2.7	6.4
Guyra ALA	58	40.8	4.1	10.0
Monaro CEG	59	54.7	4.5	8.2
Eden-Merimbula ACE	60	45.4	5.7	12.6
Gravesend ALA	61	24.3	2.6	10.7
Young CL	62	57.4	7.1	12.4
Condobolin AE	63	40.0	2.1	5.3
Tahmoor CALL	64	23.5	2.1	8.9
Dungog and District AE	65	47.3	6.8	14.4
Wallabadah ALA	69	22.5	3.3	14.7
Warialda and District ALA	70	24.2	2.2	9.1

Table B2

INCOME SUMMARY

AMOUNT ($'000)	MAIN	ALL BACE	OTHER GOVT	TOTAL GRANT	NON GRANT	TOTAL	STATED*
St George and Sutherland REC	110.0	377.1	1015.6	1392.7	1583.8	2543.6	2976.5
Albury-Wodonga CEC	70.5	132.7	2157.0	2289.7	431.8	2973.5	2721.5
Strathfield Regional CC	113.6	346.7	1766.7	2113.4	804.6	3042.4	2918.0
Sydney CC	110.0	768.0	0.0	768.0	1104.2	1336.3	1872.2
WEA - Sydney	110.0	186.9	0.0	186.9	2113.5	2300.6	2300.4
Central West CC	178.0	484.2	3413.8	3898.0	387.2	4295.6	4285.2
Manly-Warringah CC	108.0	266.6	821.1	1087.7	875.2	1896.6	1962.9
Eastern Suburbs REC	110.0	301.9	523.6	825.5	1340.6	2151.1	2166.1
Parramatta REC	127.7	346.3	177.4	523.7	616.3	1777.9	1140.0
Nepean CC	112.9	326.8	0.0	326.8	672.3	997.3	999.1
Macarthur CC	151.4	268.7	33.8	302.5	588.9	885.0	891.4
Bankstown EC	143.7	323.0	49.3	372.3	513.0	848.9	885.3
Mosman EC	109.0	132.0	0.0	132.0	587.6	719.6	719.6
Hills District D&EC	109.0	190.6	0.0	190.6	732.3	839.0	922.9
WEA - Hunter	131.9	217.6	650.5	868.1	720.5	1588.6	1588.6
ACE North Coast	164.4	450.1	[illegible]	1362.0	376.2	1738.4	1738.2
Central Coast CC	133.7	288.3	550.0	838.3	631.8	1547.8	1470.1
Hunter CC	128.9	215.8	0.0	215.8	312.5	441.4	528.3
Western College of ACE	113.1	371.2	472.9	844.1	208.6	1072.2	1052.7
Blacktown District CC	102.3	237.0	20.8	257.8	240.0	497.8	497.8
Riverina CC	128.4	318.5	325.9	644.4	257.4	936.1	901.8
Southern AEC Nowra	129.5	208.5	0.0	208.5	336.5	543.3	545.0
Hastings AE	118.5	206.9	1.6	208.5	234.2	435.6	442.7
AEC for Deaf and HIP	108.0	211.7	168.8	380.5	218.5	350.1	599.0
Griffith ALA	35.0	83.1	15.5	98.6	54.5	102.2	153.1
Hawkesbury CC	65.5	127.4	0.0	127.4	178.5	278.7	305.9
Corryong CEC	9.7	18.1	95.4	113.5	46.9	158.1	160.4
Tamworth AEC	61.8	109.2	1.4	110.6	120.1	234.0	230.7
Taree Adult Education	68.4	114.3	10.8	125.1	102.2	201.9	227.3
ACE Gunnedah	35.0	61.1	0.0	61.1	21.3	145.7	82.4
Wyong Leisure Learning	17.1	89.4	0.0	89.4	26.0	91.6	115.4
Tuggerah Lakes CLLTC	51.2	77.0	15.0	92.0	63.1	163.3	155.1
Southern Region CC	25.4	44.4	84.6	129.0	50.2	83.7	179.2
Robinson Education Centre	30.4	55.4	6.5	61.9	79.3	203.9	141.2
Barraba/Bundarra ACE	33.3	106.0	0.0	106.0	22.4	100.6	128.4
Byron Adult Education	26.9	39.9	0.0	39.9	61.8	98.4	101.7
ACE Mullumbimby	37.1	45.6	0.0	45.6	62.9	100.0	108.5
ACE Walcha	16.9	38.9	0.0	38.9	22.2	69.7	61.1
Kiama Adult Education	25.0	57.5	0.0	57.5	68.1	103.5	125.6

Continued

INCOME SUMMARY

AMOUNT ($'000)	MAIN	ALL BACE	OTHER GOVT	TOTAL GRANT	NON GRANT	TOTAL	STATED*
Camden Haven ACE	16.3	17.9	20.9	38.8	32.5	117.0	71.3
Kincumber ACE Centre	25.8	32.6	0.0	32.6	42.5	72.0	75.1
Eurobodalla AEC	53.7	64.9	0.0	64.9	38.8	101.6	103.7
Murwillumbah AEC	50.2	60.2	0.0	60.2	53.8	111.2	114.0
Alstonville Adult Learning	35.3	56.6	0.0	56.6	50.7	82.0	107.3
Outback ACE (Bourke)	30.2	33.8	34.7	68.5	21.2	129.7	89.7
Singleton Leisure Learning	15.3	19.5	6.4	25.9	39.9	70.2	65.8
Forster-Tuncurry AE	27.6	36.1	4.2	40.3	33.9	72.0	74.2
Nambucca Valley ACE	18.8	22.9	0.0	22.9	19.6	41.1	42.5
Guyra Adult Learning	14.0	26.0	0.0	26.0	14.8	40.1	40.8
Monaro CEG	16.1	30.2	0.0	30.2	24.5	46.5	54.7
Eden-Merimbula ACE	16.8	27.8	0.8	28.6	16.8	41.8	45.4
Gravesend Adult Learning	15.8	19.8	0.0	19.8	4.5	24.3	24.3
Young Community Learning	14.7	40.8	0.0	40.8	16.6	36.7	57.4
Condobolin AE	15.5	28.7	0.0	28.7	11.3	27.2	40.0
Tahmoor CALLC	12.1	15.2	0.0	15.2	8.3	22.6	23.5
Dungog and District AE •	14.4	32.8	1.8	34.6	12.7	31.3	47.3
Wallabadah Adult Learning	12.4	16.0	0.0	16.0	6.5	7.3	22.5
Warialda and District LA	17.8	21.5	0.0	21.5	2.7	11.7	24.2

* Stated refers to the income stated by the provider which may differ from the total taking Board records into account

Table C1

INCOME INDICATORS	RANK	MPG	ABF	OGF	OFI	BAG	SCG	SCA	SCB	AGF	GES
St George and Sutherland REC	1	3.7	12.7	34.1	53.2	27.1	$0.35	$0.19	$0.64	$4.81	$5.33
CEC Albury-Wodonga	2	2.6	4.9	79.3	15.9	5.8	$0.50	$0.18	$0.33	$2.30	$6.99
Strathfield RCC	3	3.9	11.9	60.5	27.6	16.4	$0.43	$0.33	$0.99	$2.34	$8.90
Sydney CC	5	5.9	41.0	0.0	59.0	100.0	$0.45	$0.42	$2.92	$4.32	$4.74
WEA - Sydney	6	4.8	8.1	0.0	91.9	100.0	$0.51	$0.44	$0.75	$8.44	$8.32
Central West CC	7	4.2	11.3	79.7	9.0	12.4	$2.88	$0.73	$1.98	$4.55	$17.63
Manly-Warringah CC	8	5.5	13.6	41.8	44.6	24.5	$0.77	$0.45	$1.11	$4.83	$6.51
Eastern Suburbs REC	9	5.1	13.9	24.2	61.9	36.6	$0.58	$0.55	$1.51	$6.19	$9.41
Parramatta REC	10	11.2	30.4	15.6	54.1	66.1	$0.96	$0.70	$1.90	$4.52	$6.10
Nepean CC	13	11.3	32.7	0.0	67.3	100.0	$0.80	$0.77	$2.22	$4.71	$6.51
Macarthur CC	14	17.0	30.1	3.8	66.1	88.8	$1.13	$1.08	$1.92	$4.18	$5.74
Bankstown EC	15	16.2	36.5	5.6	57.9	86.8	$1.31	$1.03	$2.32	$4.51	$5.50
Mosman EC	16	15.1	18.3	0.0	81.7	100.0	$0.86	$0.86	$1.04	$4.61	$5.60
Hills District DEC	17	11.8	20.7	0.0	79.3	100.0	$1.05	$1.04	$1.82	$6.83	$8.22
WEA - Hunter	18	8.3	13.7	40.9	45.4	25.1	$1.44	$1.27	$2.09	$6.84	$13.99
ACE North Coast	20	9.5	25.9	52.5	21.6	33.0	$2.29	$1.80	$4.92	$3.94	$18.56
Central Coast CC	21	9.1	19.6	37.4	43.0	34.4	$1.66	$1.49	$3.22	$6.43	$17.28
Hunter CC	22	24.4	40.8	0.0	59.2	100.0	$1.93	$1.61	$2.70	$4.20	$5.21
Western College of ACE	23	10.7	35.3	44.9	19.8	44.0	$1.99	$1.69	$5.56	$2.22	$16.88
Blacktown District CC	24	20.6	47.6	4.2	48.2	91.9	$1.88	$1.58	$3.66	$4.23	$8.08
Riverina CC	25	14.2	35.3	36.1	28.5	49.4	$2.91	$2.10	$5.22	$5.31	$15.42
Southern AEC Nowra	26	23.8	38.3	0.0	61.7	100.0	$2.74	$2.18	$3.51	$6.88	$10.53
Hastings AE	27	26.8	46.7	0.4	52.9	99.2	$2.47	$2.32	$4.04	$4.53	$7.35
AEC for Deaf and HIP	28	18.0	35.3	28.2	36.5	55.6	$2.70	$2.13	$4.17	$4.05	$6.60
Griffith ALA	29	22.9	54.3	10.1	35.6	84.3	$2.48	$0.82	$1.95	$3.57	$2.32
Hawkesbury CC	30	21.4	41.6	0.0	58.4	100.0	$1.77	$1.65	$3.22	$4.55	$6.65
Corryong CEC	31	6.0	11.3	59.5	29.2	15.9	$0.29	$0.29	$0.55	$1.08	$4.63
Tamworth AEC	32	26.8	47.3	0.6	52.1	98.7	$2.90	$2.13	$3.77	$5.27	$7.41
Taree Adult Education	33	30.1	50.3	4.8	45.0	91.4	$2.81	$2.61	$4.36	$3.95	$8.14
ACE Gunnedah	34	42.5	74.2	0.0	25.8	100.0	$1.77	$1.33	$2.33	$1.03	$4.17
Wyong Leisure Learning	36	14.8	77.5	0.0	22.5	100.0	$1.03	$0.77	$4.03	$1.37	$4.23
Tuggerah Lakes CLLTC	37	33.0	49.6	9.7	40.7	83.7	$2.68	$2.54	$3.83	$2.81	$7.21
Southern Region CC	38	14.2	24.8	47.2	28.0	34.4	$1.82	$1.40	$2.44	$3.57	$9.32
Robinson Education Centre	39	21.5	39.2	4.6	56.2	89.5	$2.10	$1.76	$3.21	$4.29	$11.54
Barraba/Bundarra ACE	40	25.9	82.6	0.0	17.4	100.0	$4.11	$1.96	$6.25	$2.25	$6.87
Byron Adult Education	41	26.5	39.2	0.0	60.8	100.0	$1.76	$1.74	$2.59	$3.98	$5.57
ACE Mullumbimby	42	34.2	42.0	0.0	58.0	100.0	$2.88	$2.88	$3.53	$4.70	$7.76
ACE Walcha	43	27.7	63.7	0.0	36.3	100.0	$2.13	$1.31	$3.02	$2.24	$5.30
Kiama Adult Education	44	19.9	45.8	0.0	54.2	100.0	$3.25	$2.00	$4.60	$4.89	$8.87

Continued

INCOME INDICATORS

	RANK	MPG	ABF	OGF	OFI	BAG	SCG	SCA	SCB	AGF	GES
Camden Haven ACE	45	22.9	25.1	29.3	45.6	46.1	$1.51	$1.32	$1.45	$2.33	$6.55
Kincumber ACE Centre	46	34.4	43.4	0.0	56.6	100.0	$2.09	$2.09	$2.64	$3.05	$5.69
Eurobodalla AEC	47	51.8	62.6	0.0	37.4	100.0	$4.54	$4.54	$5.48	$3.02	$7.26
Murwillumbah AEC	48	44.0	52.8	0.0	47.2	100.0	$4.33	$4.31	$5.16	$4.42	$8.92
Alstonville Adult Learning	50	32.9	52.7	0.0	47.3	100.0	$3.45	$3.38	$5.43	$4.32	$8.26
Outback ACE (Bourke)	52	33.7	37.7	38.7	23.6	49.3	$9.07	$3.08	$3.45	$5.37	$12.39
Singleton Leisure Learning	53	23.3	29.6	9.7	60.6	75.3	$1.83	$1.68	$2.14	$4.41	$7.95
Forster-Tuncurry AE	55	37.2	48.7	5.7	45.7	89.6	$4.06	$3.69	$4.83	$4.83	$9.49
Nambucca Valley ACE	57	44.2	53.9	0.0	46.1	100.0	$3.03	$3.03	$3.69	$3.01	$5.76
Guyra Adult Learning	58	34.3	63.7	0.0	36.3	100.0	$2.44	$2.44	$4.54	$2.44	$7.43
Monaro CEG	59	29.4	55.2	0.0	44.8	100.0	$2.85	$2.85	$5.35	$4.34	$7.08
Eden-Merimbula ACE	60	37.0	61.2	1.8	37.0	97.2	$3.72	$3.17	$5.24	$3.58	$8.34
Gravesend Adult Learning	61	65.0	81.5	0.0	18.5	100.0	$3.45	$3.16	$3:96	$0.74	$4.68
Young Community Learning	62	25.6	71.7	0.0	28.9	100.0	$3.36	$3.36	$9.34	$3.50	$10.41
Condobolin AE	63	38.8	71.8	0.0	28.3	100.0	$4.19	$4.19	$7.76	$3.06	$6.60
Tahmoor CALLC	64	51.5	64.7	0.0	35.3	100.0	$3.31	$3.31	$4.15	$2.13	$5.35
Dungog and District AE	65	30.4	69.3	3.8	26.8	94.8	$4.92	$4.11	$9.36	$3.69	$10.56
Wallabadah Adult Learning	69	55.1	71.1	0.0	28.9	100.0	$7.27	$7.27	$9.38	$1.99	$8.50
Warialda and District LA	70	73.6	88.8	0.0	11.2	100.0	$11.84	$11.84	$14.30	$1.00	$11.30

KEY TO INDICATORS

Table C2

MPG	*Main grant as % of total income*	*SCG*	*Subsidy cost per general SCH (main general SCH)*
ABF	*All BACE % total income*	*SCA*	*Subsidy cost per all annual SCH (main all SCH)*
OGF	*Other grant % total income*	*SCB*	*Subsidy cost per all annual SCH (all Board all SCH)*
OFI	*Other income % total income*	*AGF*	*Average fee per general student contact hour*
BAG	*All Board % all grants*	*GES*	*Gross expenditure per annual student contact hour*

EXPENDITURE SUMMARY

AMOUNT ($'000)	PERS	PROMOTION	EQUIPMENT	FACILITIES	- OTHER	TOTAL	STATED
St George and Sutherland REC	1438.1	130.1	243.9	168.3	1157.6	3138.0	2346.2
Albury-Wodonga CEC	2094.0	50.6	57.9	50.5	554.7	2807.7	2865.7
Strathfield Regional CC	748.7	113.6	91.2	79.0	2076.6	3109.1	3109.6
Sydney CC	677.0	174.3	60.9	136.9	196.8	1245.9	1245.9
WEA - Sydney	1167.2	285.1	144.1	250.5	227.0	2073.9	2073.4
Central West CC	2492.0	0.0	8.6	278.8	1538.0	4317.4	3839.8
Manly-Warringah CC	0.0	0.0	0.0	0.0	1559.2	1559.2	1559.3
Eastern Suburbs REC	910.1	179.6	17.1	59.5	716.7	1883.0	1881.7
Parramatta REC	761.7	113.4	78.1	132.3	28.0	1113.5	1113.5
Nepean CC	655.6	104.6	70.5	79.8	49.8	960.3	960.7
Macarthur CC	567.8	71.0	72.8	40.6	52.7	804.9	832.9
Bankstown EC	488.1	67.9	47.3	43.3	118.4	765.0	764.1
Mosman EC	539.2	13.9	71.1	62.0	24.3	710.5	710.5
Hills District D&EC	545.3	122.3	27.9	80.8	83.9	860.2	859.8
WEA - Hunter	975.9	163.2	120.3	167.5	27.3	1454.2	1602.0
ACE North Coast	870.3	96.2	189.1	171.6	370.0	1697.2	1660.0
Central Coast CC	891.3	105.2	232.3	102.0	215.4	1546.2	1546.2
Hunter CC	283.6	78.1	9.0	27.4	17.9	416.0	409.8
Western College of ACE	254.4	29.1	25.9	53.6	764.0	1127.0	1168.3
Blacktown District CC	374.8	64.3	21.9	25.4	37.1	523.5	523.3
Riverina CC	370.8	77.2	61.1	80.8	351.4	941.3	948.8
Southern AEC Nowra	445.2	58.3	14.3	67.8	40.4	626.0	626.0
Hastings AE	215.2	32.4	79.6	28.4	20.3	375.9	376.9
AEC for Deaf and HIP	253.8	7.1	28.3	33.9	12.0	335.1	335.1
Griffith ALA	60.0	4.3	13.0	8.1	13.3	98.7	98.7
Hawkesbury CC	188.6	4.0	10.8	43.8	16.3	263.5	263.6
Corryong CEC	86.7	6.5	30.4	14.3	15.7	153.6	157.1
Tamworth AEC	148.2	11.2	17.0	14.2	24.4	215.0	214.9
Taree Adult Education	133.6	12.7	6.5	33.5	27.3	213.6	215.6
ACE Gunnedah	64.2	2.8	24.1	6.9	11.5	109.5	106.2
Wyong Leisure Learning	38.8	2.8	22.9	19.0	10.4	93.9	89.0
Tuggerah Lakes CLLTC	105.4	6.1	6.5	14.3	12.8	145.1	145.2
Southern Region CC	52.4	6.8	6.8	13.7	89.7	169.4	164.6
Robinson Education Centre	93.0	9.7	10.5	24.9	61.3	199.4	198.6
Barraba/Bundarra ACE	79.4	1.7	19.5	7.4	8.5	116.5	118.9
Byron Adult Education	59.2	6.1	8.1	6.9	5.6	85.9	85.9
ACE Mullumbimby	58.7	6.6	15.3	9.4	8.9	98.9	98.5
ACE Walcha	47.5	2.4	4.4	7.0	6.9	68.2	66.5
Kiama Adult Education	88.3	6.3	2.3	3.7	10.2	110.8	110.8

Continued

EXPENDITURE SUMMARY

AMOUNT ($'000)	PERS	PROMOTION	EQUIPMENT	FACILITIES	OTHER	TOTAL	STATED
Camden Haven ACE	42.6	2.8	7.0	5.2	23.4	81.0	81.0
Kincumber ACE Centre	51.7	0.5	4.5	4.5	9.2	70.4	70.0
Eurobodalla AEC	53.1	5.5	2.8	19.8	4.7	85.9	86.1
Murwillumbah AEC	60.2	4.9	19.6	11.7	7.6	104.0	103.7
Alstonville Adult Learning	50.9	1.8	3.5	14.7	15.3	86.2	87.2
Outback ACE (Bourke)	85.5	2.0	7.0	6.6	20.4	121.5	121.7
Singleton Leisure Learning	53.3	2.3	3.3	6.1	7.6	72.6	72.6
Forster-Tuncurry AE	40.2	8.9	6.8	5.1	10.0	71.0	70.9
Nambucca Valley ACE	25.8	1.2	2.1	2.7	4.0	35.8	35.8
Guyra Adult Learning	32.7	1.3	4.2	4.1	0.3	42.6	42.6
Monaro CEG	25.0	5.0	1.5	4.5	4.0	40.0	40.3
Eden-Merimbula ACE	29.8	1.5	0.3	5.7	6.9	44.2	45.0
Gravesend Adult Learning	14.5	0.0	3.0	2.6	3.3	23.4	23.1
Young Community Learning	27.5	0.8	4.6	7.1	5.5	45.5	45.5
Condobolin AE	17.7	0.8	0.7	2.1	3.1	24.4	20.7
Tahmoor CALLC	12.1	3.6	0.2	2.1	1.6	19.6	19.6
Dungog and District AE	21.3	0.5	5.5	6.8	2.9	37.0	37.0
Wallabadah Adult Learning	3.3	0.8	5.1	3.3	2.0	14.5	14.4
Warialda and District LA	9.2	0.8	3.5	2.2	1.3	17.0	16.9

Table C3

ACE

EXPENDITURE INDICATORS

	RANK	TOTAL EXPEND ($'000)	SALARY AS %	PROMO AS %	EQUIP AS %	FACILITIES AS %	OTHER AS %	DERIVED ADMIN	STATED ADMIN
St George & Sutherland REC	1	3180.0	45.8	4.1	7.8	5.4	36.9	28.1	0.0
Albury-Wodonga CEC	2	2807.7	74.6	1.8	2.1	1.8	19.8	11.4	15.9
Strathfield Regional CC	3	3109.1	24.1	3.7	2.9	2.5	66.8	14.5	15.0
Sydney CC	5	1245.9	54.3	14.0	4.9	11.0	15.8	21.5	0.0
WEA - Sydney	6	2073.9	56.3	13.7	6.9	12.1	10.9	47.2	0.0
Central West CC	7	4317.4	57.7	0.0	0.2	6.5	35.6	24.1	23.6
Manly-Warringah CC	8	1559.2	0.0	0.0	0.0	0.0	100.0	0.0	0.0
Eastern Suburbs REC	9	1883.0	48.3	9.5	0.9	3.2	38.1	21.0	22.9
Parramatta REC	10	1113.5	68.4	10.2	7.0	11.9	2.5	36.3	32.4
Nepean CC	13	960.3	68.3	10.9	7.3	8.3	5.2	47.4	0.0
Macarthur CC	14	804.9	70.5	8.8	9.0	5.0	6.5	19.8	0.0
Bankstown EC	15	765.0	63.8	8.9	6.2	5.7	15.5	33.0	0.0
Mosman EC	16	710.5	75.9	2.0	10.0	8.7	3.4	20.6	0.0
Hills District D&EC	17	860.2	63.4	14.2	3.2	9.4	9.8	27.0	0.0
WEA - Hunter	18	1454.2	67.1	11.2	8.3	11.5	1.9	37.0	32.9
ACE North Coast	20	1697.2	51.3	5.7	11.1	10.1	21.8	24.5	0.0
Central Coast CC	21	1546.2	57.6	6.8	15.0	6.6	13.9	41.2	0.0
Hunter CC	22	416.0	68.2	18.8	2.2	6.6	4.3	13.9	0.0
Western College of ACE	23	1127.0	22.6	2.6	2.3	4.8	67.8	24.8	10.5
Blacktown District CC	24	523.5	71.6	12.3	4.2	4.9	7.1	45.0	0.0
Riverina CC	25	941.3	39.4	8.2	6.5	8.6	37.3	41.0	0.0
Southern AEC Nowra	26	626.0	71.1	9.3	2.3	10.8	6.5	46.7	0.0
Hastings AE	27	375.9	57.2	8.6	21.2	7.6	5.4	43.6	0.0
AEC for Deaf and HIP	28	335.1	75.7	2.1	8.4	10.1	3.6	21.8	0.0
Griffith ALA	29	98.7	60.8	4.4	13.2	8.2	13.5	46.9	20.3
Hawkesbury CC	30	263.5	71.6	1.5	4.1	16.6	6.2	34.8	0.0
Corryong CEC	31	153.6	56.4	4.2	19.8	9.3	10.2	56.4	49.9
Tamworth AEC	32	215.0	68.9	5.2	7.9	6.6	11.3	14.1	0.0
Taree Adult Education	33	213.6	62.5	5.9	3.0	15.7	12.8	51.5	0.0
ACE Gunnedah	34	109.5	58.6	2.6	22.0	6.3	10.5	50.6	0.0
Wyong Leisure Learning	36	93.9	41.3	3.0	24.4	20.2	11.1	40.7	0.0
Tuggerah Lakes CLLTC	37	145.1	72.6	4.2	4.5	9.9	8.8	51.8	49.1
Southern Region CC	38	169.4	30.9	4.0	4.0	8.1	52.9	12.7	0.0
Robinson Education Centre	39	199.4	46.6	4.9	5.3	12.5	30.7	40.2	0.0
Barraba/Bundarra ACE	40	116.5	68.2	1.5	16.7	6.4	7.3	56.4	34.4
Byron Adult Education	41	85.9	68.9	7.1	9.4	8.0	6.5	37.7	38.9
ACE Mullumbimby	42	98.9	59.4	6.7	15.5	9.5	9.0	45.5	47.5
ACE Walcha	43	68.2	69.6	3.5	6.5	10.3	10.1	44.0	0.0
Kiama Adult Education	44	110.8	79.7	5.7	2.1	3.3	9.2	40.3	41.8

Continued

EXPENDITURE INDICATORS

	RANK	TOTAL EXPEND ($'000)	SALARY AS %	PROMO AS %	EQUIP AS %	FACILITIES AS %	OTHER AS %	DERIVED ADMIN	STATED ADMIN
Camden Haven ACE	45	81.0	52.6	3.5	8.6	6.4	28.9	44.9	0.0
Kincumber ACE Centre	46	70.4	73.4	0.7	6.4	6.4	13.1	62.8	0.0
Eurobodalla AEC	47	85.9	61.8	6.4	3.3	23.1	5.5	55.8	57.6
Murwillumbah AEC	48	104.0	57.9	4.7	18.8	11.3	7.3	54.8	59.6
Alstonville Adult Learning	50	86.2	59.0	2.1	4.1	17.1	17.7	52.3	59.5
Outback ACE (Bourke)	52	121.5	70.4	1.6	5.8	5.4	16.8	75.1	0.0
Singleton Leisure Learning	53	72.6	73.4	3.2	4.5	8.4	10.5	45.3	0.0
Forster-Tuncurry AE	55	71.0	56.6	12.5	9.6	7.2	14.1	14.5	0.0
Nambucca Valley ACE	57	35.8	72.1	3.4	5.9	7.5	11.2	49.7	0.0
Guyra Adult Learning	58	42.6	76.8	3.1	9.9	9.6	0.7	43.0	44.8
Monaro CEG	59	40.0	62.5	12.5	3.8	11.3	10.0	38.5	0.0
Eden-Merimbula ACE	60	44.2	67.4	3.4	0.7	12.9	15.6	56.6	0.0
Gravesend Adult Learning	61	23.4	62.0	0.0	12.8	11.1	14.1	82.5	0.0
Young Community Learning	62	45.5	60.4	1.8	10.1	15.6	12.1	81.5	0.0
Condobolin AE	63	24.4	72.5	3.3	2.9	8.6	12.7	56.1	0.0
Tahmoor CALLC	64	19.6	61.7	18.4	1.0	10.7	8.2	39.3	63.3
Dungog and District AE	65	37.0	57.6	1.4	14.9	18.4	7.8	55.1	46.2
Wallabadah Adult Learning	69	14.5	22.8	5.5	35.2	22.8	13.8	42.8	0.0
Warialda and District LA	70	17.0	54.1	4.7	20.6	12.9	7.6	28.2	0.0

Table C4

ACE

UTS

Faculty of Education
Research Centre for Vocational Education and Training

Economics of ACE Delivery Project
Assessing In-Kind Contributions to ACE

An 'in-kind contribution' refers to any non-financial means by which a community or government assists an ACE organisation to deliver its educational services. It is important that such contributions are counted as part of the cost of providing ACE services and as part of the value of ACE.

Community in-kind contributions may take the form of premises, materials or services made available gratis or at discounted rates by local people or bodies. They clearly include the work of community management, often unpaid, that is done to ensure that the Centre operates effectively and in accordance with its constitution and the requirements of authorities.

Government in-kind contributions refer to the value of the Board's activities as an broker or agent for the sector, for example, in securing resources for providers or agreements regarding use of school premises.

Provider in-kind contributions need to be counted. An important example is the funding of concessions on course fees for students and the cross-subsidisation of courses for equity reasons.

We hope you will find time to complete this form. It is designed to simplify the process of assessing those 'in-kind' contributions which are most relevant for your Centre/College. Please return in the supplied envelope or fax to me on 02 9514 3737.

With thanks for your co-operation

John McIntyre
Project Manager

Part One

assessing community contributions

Community contributions are assessed in two ways (a) by estimating time in hours per week/weeks per year to give annual hours and (b) by estimating value in terms of the real cost of goods or services supplied. Please try to ensure that you make conservative estimates and that work is not counted twice.

A. CO-ORDINATION AND MANAGEMENT

		A	B	A X B
1.	**Co-ordinator (unpaid work)**			
	What duties are carried out over and above the hours supported by the BACE grant? Eg: Preparations of tenders and submissions for funding, attending community meetings and events, recruiting and training tutors and office volunteers, documenting Centre/College procedures.	Hours per week	Weeks per year	Annual hours
2.	**Co-ordinator (unpaid assistance)**			
	How much time is spent in work carried out by one or more people regularly assisting the co-ordinator on a regular basis? Eg: Assisting with the preparation of tenders and submissions, opening up the centre, answering course enquiries, answering the phone, preparing tutor information.			

B. COMMUNITY MANAGEMENT

		A Hours per week	B Weeks per year	A X B Annual hours
3.	**Treasurer** How much time does the Treasurer spend on their work including committee duties? Eg: Book-keeping, paying bills, attending association meetings, banking, attending community functions.			
4.	**Secretary** How much time does the Secretary spend on their duties including committees? Eg: Keeping minutes, answering correspondence, attending association and community meetings.			
5.	**President** How much time does the President spend in their duties including committees? Eg: In duties such as attending association meetings, attending community functions, giving talks, doing public relations.			
6.	**Committee of Management** How much time do members of the management committee spend in performing their duties? Eg: Attending meetings, assisting at the Centre/College in enrolment weeks, organising Centre/College activities.			
7.	**Other Members and Staff** How much unpaid time is given by other members or staff including tutors to further the work of the Association? Eg: Preparing displays, setting up art shows and exhibitions, networking with other agencies, catering for functions.			
8.	**Other**			

C. SERVICES PROVIDED BY BUSINESS AND OTHER AGENCIES

	What services are provided by business or other agenices *gratis* or at a discount? What is the approximate **value** of those services IF they had to be paid for, or IF they had to be paid for at full rates? How many times a year are they provided?	Value of Service	Times per Year	Total Value
	Eg: Free publicity feature each term in local newspaper.	$500 half page	4 (once a term)	$2000
9.	Publicity and promotion			
10.	Donations of resources, materials or equipment			
11.	Handy person repair and maintenance			
12.	Painting and decorating			
13.	Landscaping and outside work			
14.	Catering and entertainment for functions			
15.	Other services			

D. ACCOMMODATION

	What accommodation for office space or venues for classes is made available at no charge or low rent? What is the **difference** in rent that could be charged and actual rent paid?	What it Costs per annum	What it Would Cost per annum	Difference
17.	Commercial premises made available for office at less than market rate?			
18.	Commercial premises made available for training rooms or classrooms at less than market rate?			
19.	Community venues (*not schools*) available at nominal rent?			
20.	Other venues such as private studios available at no cost or low cost?			

E. PROVIDER CONTRIBUTION

21.	**Concession on fees** What was the **$ value** of the concessions on course fees made available to disadvantaged students in the last year?	**Number of Students**	**Value $**	
22.	**Cross subsidy of courses** What was the **$ value** of the surplus applied to 'cross-subsidising' courses judged to be of value, that otherwise would not have run?			

Part Two

assessing government contributions

The 'in-kind contribution' of government similarly refers to any non-financial contribution which the Board of Adult and Community Education, Department of Training and Education Co-ordination (or other State agency) assists the ACE organisation to provide its educational services.

An example is the Board's role in negotiating arrangements for the use of school premises at low rents, or to its role in 'broking' services, or resources or materials that ACE organisations would otherwise have to obtain for themselves at commercial rates.

F. ACCOMMODATION

	What is the value of **office and classroom accommodation** available to you through agreements?			
	Eg: About the community use of school premises.			
1.	Is an **office** provided at no cost or low cost on state or federal government building?	Annual Rent $	Rent Elsewhere	
	What is the **$ annual value** of the rent paid? How much rent would you pay otherwise?			
2.	How many **classrooms** are available in school or college premises in the average week?	Number of Rooms per Week	Rent Paid $	
	How much rent or consideration do you give to the school or college?			
3.	Do you have the use of rooms or space in a TAFE college or other premises?	Number of Rooms per Week	Rent Paid $	
4.	Are other venues made available because of your quasi-government status?	Annual Rent	Rent Elsewhere	
	Eg: From private colleges or schools.			

G. CURRICULUM AND OTHER SERVICES

	What is the value of curriculum services provided to your association as a result of the Board's negotiation of agreements? What did these services actually cost you as a recognised provider compared to what they would have cost you to develop on your own?		If you would **not** have developed these otherwise, please state NA
5.	Curriculum for ACE VET and literacy courses made available?	Cost ($)	Cost to Develop
6.	Professional development resources. Eg: Tutor training.		
7.	Software and database development for collection of statistics. Eg: AVETMISS		
8.	Local needs analysis and development of equity indicators.		
9.	Other		

10. Please make any comments you would like to regarding the assessment of in-kind contributions.

Postcode Profiles

main postcode participation profiles of Sydney metropolitan colleges - 1995

SYDNEY CC		
2008	250	1.5
2010	592	3.6
2011	274	1.7
2016	259	1.6
2021	274	1.7
2037	694	4.3
2038	579	3.5
2039	543	3.3
2040	1271	7.8
2041	1172	7.2
2042	955	5.9
2046	407	2.5
2047	360	2.2
2048	401	2.5
2049	504	3.1
2203	399	2.4
2204	607	3.7
SUB TOTAL	9541	58.5
TOTAL	16315	100.0

STRATHFIELD REC		
2046	487	5.2
2047	155	1.7
2130	187	2.0
2131	606	6.5
2132	388	4.2
2133	273	2.9
2134	458	4.9
2135	1213	13.1
2136	422	4.5
2137	644	6.9
2138	307	3.3
2140	569	6.1
2191	151	1.6
2193	263	2.8
2194	201	2.2
SUB TOTAL	6324	68.0
TOTAL	9294	100.0

BANKSTOWN EC		
2162	397	5.6
2190	380	5.4
2195	297	4.2
2196	501	7.1
2197	209	3.0
2198	370	5.3
2199	314	4.5
2200	715	10.2
2210	113	1.6
2211	502	7.1
2212	381	5.4
2213	739	10.5
2214	184	2.6
SUB TOTAL	5102	72.5
TOTAL	7039	100.0

BLACKTOWN DCC		
2145	195	6.6
2146	92	3.1
2147	372	12.5
2148	801	27.0
2761	222	7.5
2763	193	6.5
2766	110	3.7
2767	184	6.2
2770	377	12.7
SUB TOTAL	2546	85.8
TOTAL	2966	100.0

CHATSWOOD EC

2060	218	2.6
2064	429	5.1
2065	598	7.1
2066	871	10.3
2067	785	9.3
2068	399	4.7
2069	348	4.1
2070	287	3.4
2071	159	1.9
2073	237	2.8
2074	183	2.2
2075	269	3.2
2089	200	2.4
2113	199	2.4
2123	217	2.6
SUB TOTAL	4154	49.3
TOTAL	8422	100.0

MACQUARIE CC

2111	407	2.7
2112	992	6.7
2113	670	4.5
2114	884	5.9
2115	266	1.8
2116	285	1.9
2117	758	5.1
2118	1425	9.6
2119	625	4.2
2120	448	3.0
2121	1746	11.7
2122	1415	9.5
2125	497	3.3
2126	464	3.1
2151	476	3.2
SUB TOTAL	11358	76.3
TOTAL	14889	100.0

ST GEORGE-SUTHERLAND CC

2207	620	3.5
2210	579	3.3
2216	558	3.2
2217	587	3.4
2218	381	2.2
2219	321	1.8
2220	557	3.2
2221	344	2.0
2222	314	1.8
2224	639	3.6
2226	640	3.7
2227	583	3.3
2228	624	3.6
2229	1487	8.5
2230	1464	8.4
2232	1763	10.1
2233	1800	10.3
2234	1353	7.7
SUB TOTAL	14614	83.4
TOTAL	17516	100.0

HILLS DISTRICT D&EC

2125	245	3.3
2126	290	4.0
2147	386	5.3
2148	140	1.9
2151	121	1.6
2153	1731	23.6
2154	1557	21.2
2155	263	3.6
2156	544	7.4
2157	118	1.6
2158	254	3.5
2159	199	2.7
2763	160	2.2
2765	147	2.0
SUB TOTAL	6155	83.9
TOTAL	7336	100.0

NEPEAN CC		
2745	249	3.4
2747	834	11.3
2749	333	4.5
2750	1379	18.7
2773	234	3.2
2774	556	7.6
2776	197	2.7
2777	736	10.0
2778	111	1.5
2779	206	2.8
2780	651	8.8
2782	291	4.0
2783	108	1.5
2785	173	2.4
SUB TOTAL	6058	82.4
TOTAL	7356	100.0

HORNSBY-KURING-GAI CC		
2071	154	3.0
2072	78	1.5
2073	260	5.0
2074	488	9.4
2075	441	8.5
2076	772	14.8
2077	1061	20.4
2079	205	3.9
2080	52	1.0
2081	144	2.8
2082	167	3.2
2120	436	8.4
2126	124	2.4
SUB TOTAL	4382	84.1
TOTAL	5211	100.0

MANLY-WARRINGAH CC		
2085	179	2.2
2086	362	4.4
2087	206	2.5
2093	563	6.8
2094	264	3.2
2095	973	11.8
2096	576	7.0
2097	415	5.0
2099	1136	13.7
2100	599	7.2
2101	599	7.2
2103	348	4.2
2106	294	3.6
2107	734	8.9
SUB TOTAL	7248	87.6
TOTAL	8270	100.0

PARRAMATTA REC.		
2117	239	2.6
2142	305	3.3
2144	360	3.9
2145	2402	26.1
2146	533	5.8
2147	406	4.4
2148	156	1.7
2150	495	5.4
2151	325	3.5
2152	171	1.9
2153	700	7.6
2160	774	8.4
2161	508	5.5
SUB TOTAL	7374	80.2
TOTAL	9199	100.0

MOSMAN ECC

2060	300	3.9
2061	143	1.8
2062	150	1.9
2065	324	4.2
2088	2963	38.2
2089	932	12.0
2090	1131	14.6
2093	310	4.0
2095	130	1.7
SUB TOTAL	6383	82.4
TOTAL	7748	100.0

MACARTHUR CC

2558	191	2.0
2560	1616	17.3
2564	255	2.7
2565	518	5.5
2566	487	5.2
2567	315	3.4
2570	657	7.0
SUB TOTAL	4039	43.2
TOTAL	9355	100.0

NEW SOUTH WALES
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